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Daily Report

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LAST ISSUE

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LAST ISSUE

Central Eurasia

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FBIS-SOV-96-164-S
Thursday
22 August 1996

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Central Eurasia
SUPPLEMENT

FBIS-SOV-96-164-S 22 August 1996

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***Russia: Survey on Influences in Country**

964E1250A Moscow INTERFAKS-AIF in Russian
29 Apr-5 May 96 No 17 p 4

[Article by INTERFAKS-AIF correspondent Vasiliy Shuyskiy, under the "Economics—Politics" rubric: "Who, in Your View, Has Exerted the Greatest Influence on the Country's Current Situation? Variant Answers Were Suggested by the PEKOM Center, and Respondents Could Choose Several at Once"]

[FBIS Translated Text] The PEKOM information and research center in April of this year conducted a large-scale study with the aim of ascertaining, on the eve of the presidential elections, the mood of the voters, their attitude toward the current situation, and their evaluation of the influence upon it of various factors and specific individuals. In Moscow, 1,200 people were polled, In Yekaterinburg, 500, and in Volgograd, 500. The selection was representative with respect to gender, age, and education. The method was the personal interview. The margin of error is within 3 percentage points. A significant portion of this study was published in the weekly INTERFAKS-AIF, issue No. 15 of this year.

Individual or group	Percentage of those surveyed who believe that the individual or group in question has exerted an influence on the country's present situation		
	in Moscow	in Yekaterinburg	in Volgograd
Lenin	37	40	25
of which			
percentage believing the influence positive	13	15	7
percentage believing the influence negative	87	85	93
Gorbachev	67	38	58
of which			
percentage believing the influence positive	63	68	24
percentage believing the influence negative	37	32	76
Yeltsin	50	50	56
of which			
percentage believing the influence positive	57	64	38
percentage believing the influence negative	43	36	62
The intelligentsia	33	16	16
of which			
percentage believing the influence positive	40	62	45
percentage believing the influence negative	60	38	55
Pre-perestroyka Communists	28	34	14
of which			
percentage believing the influence positive	0	5	12
percentage believing the influence negative	100	95	88
Developed Western countries	26	12	12
of which			
percentage believing the influence positive	75	66	14
percentage believing the influence negative	25	34	86
CIA	11	12	9
percentage believing the influence positive	28	50	0
percentage believing the influence negative	72	50	100

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Individual or group	Percentage of those surveyed who believe that the individual or group in question has exerted an influence on the country's present situation		
	in Moscow	in Yekaterinburg	in Volgograd
Russian mafia	33	24	32
of which			
percentage believing the influence positive	10	13	3
percentage believing the influence negative	90	87	97
Market advocates and reformers	16	40	28
of which			
percentage believing the influence positive	40	55	35
percentage believing the influence negative	60	45	65
The Russian people	31	26	16
of which			
percentage believing the influence positive	37	38	55
percentage believing the influence negative	63	62	45

The Fate of the Country Is Determined by Its Leader

Every citizen has an idea of the current situation in the country. If one were to conduct a universal poll of the population, the evaluations of the situation would hardly be likely to differ in a fundamental way. However, each person would cite his own reasons. And the question "Who is to blame?" will leave no one indifferent.

Pollsters are criticized; they are not believed, and lately they are not liked at all—especially by politicians. But the ordinary citizens, the future voters, on the contrary, read the poll results with interest, analyze the tables, and find much that they did not expect.

In particular, as the polls show, the role of personalities has been very great in the history of Russia. For the residents of Moscow and Volgograd, the principal events are associated with the name of President of the USSR Mikhail Gorbachev, and in Yekaterinburg, naturally, with the name of President of Russia B. Yeltsin. It is noteworthy that the majority of respondents in Volgograd (in the present poll the most typical city—a representative of the Russian provinces) believe that the influence of both politicians has been negative. It is difficult to explain the extremely critical approach of Volgograd residents toward the personality of Lenin, since most of the respondents from that city evaluated the events of recent years negatively, in contrast to the majority of residents of the other cities.

Scarier Than the Mafia and the CIA

Could there be anything more harmful and more terrifying for a Russian person than the traditional enemies—the mafia, the CIA, and so on? There could. According to the poll data, they are "pre-perestroyka Communists." Their evaluation by Muscovites is revealing. Zero is positive, whereas the CIA and the Russian mafia have still and all exerted a certain positive influence. This is believed by 28 and 10 percent of polled Muscovites, respectively. Even 3 percent of Volgograd residents, despite their general critical mood, believe that the Russian mafia has exerted a positive influence.

In the provinces, a significant influence of the market advocates and reformers is also noted: In Yekaterinburg, 40 percent of respondents (55 percent evaluate this positively and 45, negatively), and in Volgograd, 28 percent (35 percent positively, and 65 percent negatively). In Moscow, their influence was noted by only 16 percent of the respondents, and the majority (60 percent) with a "minus sign."

But, now, the role of the people themselves in the history of the country is generally evaluated significantly more modestly. In Moscow its influence was noted by 31 percent of respondents, in Yekaterinburg by 26 percent, and in Volgograd, by 16 percent. In the first two cities, this influence, paradoxically enough, is evaluated negatively. But Volgograd residents believe it to be positive (55 percent).

It must be acknowledged that the sociological poll does indeed give a certain definiteness with the answer to the question, "Who is to blame?" But what about the other eternal Russian question, "What is to be done?" Proceeding from the data received, the answer could be associated only with a search for a new historical personality, which would be able to change the situation. For just that reason, the respondents, not very confident in the chances of the people themselves, demonstrate

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a very high degree of willingness to participate in the upcoming presidential elections. More than 80 percent of those polled intend to go to the polls and vote, and not "against," but "for."

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Russia: Attempts To Refute Charges Against Nikitin

964F3174A Moscow SEGODNYA in Russian 31 Jul 96 p 6

[Article by Andrey Vermishev, St. Petersburg, under rubric "Litigation: "The FSB [Federal Security Service] Does Not Forgive Anyone Who Makes Its Own Mistakes: The New Criminal Code May Change a Lot in the 'Nikitin Case'"]

[FBIS Translated Text] Aleksandr Nikitin, an expert in "Belluna," the Norwegian ecological organization, who was arrested on 6 February of this year by associates of Russian counterintelligence and was accused of espionage, refuses to answer questions asked by UFSB investigator Igor Maksimenkov and by Aleksandr Gutsan, prosecutor from the Department of the City Prosecutor's Office For Oversight of Investigative Agencies of FSB. He gives as the reason for his refusal the fact that the investigation with respect to him "is being carried out in a prejudiced manner and with crude violations of the legislation pertaining to criminal proceedings. Essentially speaking, this is the second attempt by the accused to declare his rejection of the mentioned servants of the goddess Themis. The first attempt (with a similar formulation) was undertaken as early as May, but, as Yuriy Shmidt, Mr. Nikitin's lawyer, stated, the appropriate structures at that time were limited to an oral refusal, so that the defense has not yet been given a written decree pertaining to this question.

Meanwhile, the lawyers assume that previously "their client has already given exhaustive depositions both as a witness and as the accused, and has answered all the investigation department's questions that pertained to the substance of this case." Mr. Nikitin has refused to answer any additional questions that are being asked "with the crudest violations of the procedure stipulated by Russian law."

According to Yuriy Shmidt, the counterintelligence agencies attempted to use in the investigative process certain materials that had been obtained in the course of "operational measures" (or, to put it more simply, magnetic-tape recordings of Aleksandr Nikitin's telephone conversations). If one believes the lawyer, these materials do not contain anything fundamentally new for the investigation and they have an extremely superficial relationship to the case. However, when the defense requested the associates in the UFSB investigation group to submit the corresponding request and a court decree authorizing the carrying out of such "measures" with respect to Aleksandr Nikitin, no such documents were submitted to the defense. It was not until three months later that lawyers Yuriy Shmidt and Viktor Drozdov were able to familiarize themselves with a kind of "authorizing memorandum," which, in their opinion, does not have any valid legal force.

In turn, the wife of the accused — Tatyana Nikitina — is convinced that, in the course of the investigation, their apartment repeatedly became the object of the illegal but fixed "attention" of counterintelligence associates: after returning home once, Mrs. Nikitina detected in the apartment the strong scent of men's after-shave lotion. Her underwear had been rummaged through, and her bureau drawers were pulled out. "Tatyana Nikitin told journalists, I was told without any beating around the bush by looking at the control panel of the apartment's alarm system that our telephone was being bugged."

In the final analysis, Mr. Shmidt asserts, the defense has managed "in oral form" to come to an understanding with the servants of Themis, to the effect that the interrogations of Aleksandr Nikitin from now on will be conducted not by investigator Maksimenkov, but by another representative of the UFSB investigative group. It is only a question of the extent to which the replacement of one official by another will change the attitude toward the "Nikitin case" in the upper echelons of the FSB, where, in the layer's opinion, that case was indeed fabricated. As Yuriy Shmidt does not get tired of repeating, counterintelligence was following Aleksandr Nikitin even before his arrest, although it did not take any steps to stop the "espionage activity of the 'Belluna' expert." "It is one of two things," the famous lawyer said. "Either the FSB didn't give a damn about the state secrets that were 'sailing away' abroad under its very eyes, or there were no such secrets at all, but only an attempt to 'concoct an espionage case' where none existed."

In this context, something that is extremely curious is conveyed by certain details in the evaluation of the severity of "Aleksandr Nikitin's actions" by experts at the 8th Administration of the General Staff of the RF VS [Armed Forces]. Essentially speaking, the investigation suggested that the experts answer to main questions: does the information that was used by Aleksandr Nikitin when writing Chapter 8 of the report "The Northern Fleet: Danger of Radioactive Contamination of the Region" constitute an object of state secrecy, and, if so, what are the actual figures representing the damage he caused; in addition, the investigation proposed to the experts that they evaluate the possibility of using open sources in Mr. Nikitin's work.

As is generally known, the experts answered the first question in the affirmative. True, with a reference to two very ancient orders issued by the minister of defense.

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(According to assertions made by the defense, both of them contradict the new Constitution, as well as the present-day law "State Secrecy"). Then (according to Yuriy Shmidt) the experts stated that they "do not have at our disposal the appropriate methodologies" for evaluating the damage that was caused. The third question —about whether Aleksandr Nikitin could have used in the work on the notorious "Chapter 8" any legal and open sources of information — was completely disregarded by the experts in the 8th Administration of the General Staff.

The defense undertook countersteps, and the investigation was forced to recognize the necessity of additional comprehensive expert evaluation, with the involvement of leading specialists from various branches. The lawyers especially insist upon the participation in this investigative measure of representatives of the interdepartmental commission on ecology, under the RF Security Council, and the Administration of Shipbuilding, Operation, and Ship Repair, of the RF VMF [Navy] — a point that has not been executed until this time. In addition, according to Yuriy Shmidt, in the 8th Administration of the RF VS General Staff it was immediately made clear to everyone that the administration's specialists will not take part in the comprehensive expert evaluation. At such time, the military officials allegedly cite a certain department document (order) that prohibits them from participating in such actions. Moreover: the people in the administration continue to refuse to give any evaluation of the "damage that was inflicted." And, finally, and most important: according to Yuriy Shmidt, it has been stated at the administration that the "reference point" for evaluating the degree of secrecy of the materials used by Aleksandr Nikitin will be... the notorious "two orders issued by the minister," which, incidentally, have not yet been presented to the defense by the investigation. "Thus, the comprehensive expert evaluation is collapsing before our very eyes," Yuriy Shmidt said, summarizing the situation.

Meanwhile the lawyers are putting definite hope on the fact that the prosecutor's office will satisfy their official request to dismiss the criminal case with respect to Aleksandr Nikitin in view of the fact that, effective 1 January 1997, a new RF UK [Criminal Code] will go into effect, in which Article 64 is replaced by Article 275 (treason). Properly speaking, the new article is noteworthy in that something that is assumed to be a mandatory element of the *corpus delicti* is the rendering of assistance "to a foreign state, foreign organization, or their representative in carrying out hostile activity to the detriment of the foreign security of the Russian Federation." "No one, however, accuses 'Belluna' of this kind of activity," inasmuch as there are no grounds for that. But — in conformity with Article 3 of the RF federal law entitled "Implementation of the RF Criminal Code," dated 24 May 1996, "all the criminal cases that were initiated with regard to actions that are not recognized as crimes in conformity with the RF Criminal Code are subject to dismissal." A decree with regard to this request has not yet been made, but it is felt in the lawyers' headquarters that the "incompetency and prejudice that are constantly displayed by the investigation give grounds for assuming that the investigation will attempt to interpret the new law in a manner contrary to its true meaning." This apprehension was formulated in an even tougher form by Viktor Drozdov, Mr. Nikitin's lawyer, who recently told journalists literally the following: "The FSB does not forgive anyone who makes its own mistakes."

Russia: 'Molkom' Declared Giant Criminal Operation

964F3156A Moscow MOSKOVSKIY KOMSOMOLETS in Russian 12 Jul 96 p 2

[Article by A. Khinshteyn and A. Fomin: "Scuba Divers. It Is Not a Game! What Is Hidden in the Depths of Pushkino District?"]

[FBIS Translated Text] **This story has everything needed for an action film: mystery, pursuits, escapes, abductions. Corrupt officials, noble detectives, loaded weapons, the nighttime squeal of tires of a speeding auto, luxurious homes. The intriguing part is the unexpected thickening of the plot. So far it lacks only one thing—the denouement. The lawlessness of local officials and their patrons is reflected in the situation which has formed in the Pushkino District of Podmoskovye, like a microcosm of life in a drop of water from the local Pirogovo water reservoir.**

This material contains excerpts from the lyrics of the song "Scuba Divers," sung by the group Mango-Mango.

How To Earn a Million

If you have ever travelled along Yaroslavskoye highway, you have undoubtedly noticed a red brick wall near the city of Pushkino, extending along the highway. The Molkom Joint Venture Customs Terminal is located behind those high walls. It is one of the largest in Russia.

The Molkom Joint Venture was originally formed on the basis of the Moscow Detachment of Underwater Technical (Construction) Operations. In the seventies the diving detachment occupied a comparatively small lot in the village of Klyazma of the Pushkino District in

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Podmoskovye. It is more than likely that its personnel would still be diving if Mikhail Malkov, an enterprising young man, had not come here in 1974 as an economist and later became head of the detachment within a short period of time.

As soon as the winds of change started blowing in the country, and CPSU began to invest its capital in business, Malkov understood that there was not much money in diving. He decided to use the territory occupied by the detachment to accommodate customs warehouses. That idea occurred at a very opportune time since a torrent of goods began pouring in from the West. Unused to such a large volume of work the Soviet customs service was clearly unable to handle the load and containers that arrived took months to clear. There was nowhere to store all those goods before they could be processed through customs.

Therefore the joint Soviet-German Molkom enterprise was created on the basis of MOPTsR [Moscow Detachment of Underwater Technical (Construction) Operations] and headed by Mikhail Malkov as the holder of a controlling block of shares. In the very first months of operation the turnover at Molkom amounted to half-a-million dollars. By the end of the year it grew to a million and continued rising rapidly.

Very quickly Molkom became a leading enterprise in the branch. The area of its warehouses today covers over 45,000 square meters. (For the purpose of reference a square meter of space here rents for $6 a day). Such monsters as General Electric, IBM, Rank Xerox, Shell, and Mitsubishi became regular clients.

It would appear that the terminal constitutes an example of the new reviving Russia. But after certain competent agencies showed a slight interest in the activity of this joint venture a virtual storm had developed.

"I was bitten by a shark as I stood in the Ocean. But I remained calm. I suffered, but finished my work. Then the lads arrived, and that shark discovered what the lads of the third repair brigade are about."

The Great Standoff

On 5 March 1996 personnel of the Administration on Economic Crimes of the GUVD [Main Administration of Internal Affairs] of the Moscow Oblast arrived at the customs warehouses of the Molkom Joint Venture for a routine inspection. At the entrance the officers were stopped by a detachment of militia from the local division of internal affairs for terminal security. Their colleagues somewhat rudely explained to the UEP [Administration on Economic Crimes] personnel that they not only could not let them through to the warehouses, but they could not even allow them into the militia orderly room without proper authorization from Khokhlov, the division chief. The UEP personnel were kept waiting by the gate for half an hour until division chief Khokhlov arrived and with the blessing of the joint venture leadership, refused to see them.

Stunned by such treatment the personnel reported the incident to their superior ("This has never happened to us before," observed Major ALkesandr Kupsov, a UEP division chief). On instructions from General Colonel Aleksandr Kulikov, head of the oblast Main Administration of Internal Affairs, a comprehensive measure was launched to inspect the warehouses.

But acting in accordance with orders from the general, militia personnel again encountered a firm ring of defense. On 4 April they managed to get on Molkom grounds only with the aid of armed personnel of the Podmoskovye OMON [special purpose militia detachment]. In that situation the guards were also prepared to face fire and the light encounter at the gate almost developed into an exchange of fire between OMON personnel and the Molkom militia. In addition to that the district leadership—head of administration, chief of the internal affairs division, and the procurator, also arrived in support of the joint venture.

The inspection produced some rather good results. The militia orderly room contained an entire arsenal. Explosives (trotyl, plastic explosives), detonators, training grenades, fuses, blasting equipment, an antitank mine, and all kinds of special equipment. In addition to that the personnel also uncovered a clearly excessive amount of weapons and ammunition. The number of submachine guns obviously exceeded the norm, by a factor of 13. (Instead of the legal four there were 53 of them, including some of a special type with silencers). The amount of ammunition exceeded the norm by tens of thousands of factors. In general there was enough for three days of heavy combat.

There were also some individuals on the compound from the near abroad without proper registration papers and there were motor vehicles with license plates that made GAI [State Automobile Inspection Service] inspectors suspicious..

It would seem that criminal activity was in evidence, but...

"When we came on shore the girls were glad that we survived and we started telling them stories about how difficult it can become in the sea. But enough. the siren souded again and we rapidly returned to the water. We are not accustomed to living on dry land. We love to dive and swim."

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Law, Order, Security

It is worth describing in detail how a small security department, in order to ensure public order on the grounds of the MOPTsr base, consisting of one district militia officer, and 8 militiamen, changed in one year into a powerful, extremely well-armed force.

Particular diligence in the formation of the subunit was displayed by Klimchuk, chief of administration of the Pushkino District, and by Perkin, chief of militia of the same district, naturally not without the active participation of Khokhlov, head of warehouse security and Mr. Malkov, owner of Molkom, whose gratitude to sponsoring officials knew no bounds.

The cornerstone was laid in March 1994 when Molkom was "given" nine militiamen and the firm assumed responsibility for their support as permitted by existing MVD norms.

By April, in less than a month, Klimchuk and Perkin asked for 35 persons from the oblast GUVD to allow the creation of a mounted militia subunit here. All that was motivated, as indicated by the written request of the acting chef of the oblast GUVD, by "the constant and significant increase in production volume and number of workers by a factor of two to three and an increase in the construction of the housing fund on the grounds of the given enterprise, 56 hectares in area." That land area and construction, dear reader, should be noted. You will encounter all of this again as you read on. On 11 April 1994 an order of the Podmoskovye GUVD created a department for guarding the customs terminal, including the posts of three state motor vehicle inspectors (?). Not bad.

But even that appeared to be insufficient for Molkom with its powerful patrons. Exactly a year later Perkin, head of the internal affairs administration, dispatched a paper to GUVD signed by Klimchuk and Malkov, requesting the leadership to increase the department staff to 40 individuals, reorganizing it into a division. On 17 May 1995 the request was satisfied with the issuance of the appropriate order. The chief of what is now a division, Khokhlov got the rank of lieutenant colonel and two deputies—for criminal affairs and public safety. The staff expanded considerably. It even acquired its own expert criminalistics team, which is somewhat unusual for security structures.

Former fighters of the Sofrinsk Special Force Brigade of the MVD flocked here. If they wished to do so, these lads were capable of defending not just the warehouses but the entire Kremlin as well. High-ranking militia personnel began attending their demonstrations quite frequently. In order to demonstrate to UEP personnel with whom they are dealing, Khokhlov even provided them with a video cassette depicting the skills of his subordinates. In it the division fighters smashed large boards on each other, crushed bottles with their heads, fired from any position, and even simulated seizing an armored car.

The UEP personnel for some reason were not too impressed.

Do Not Stick Your Nose Where It Does Not Belong

On 4 April 1996 the investigative administration of the oblast GUVD initiated criminal proceedings in connection with the illegal storage of explosives and various explosive devices in the orderly room of the militia division guarding the customs terminal at the Molkom Joint Venture.

That, naturally, did not suit the Molkom people or their friends at all. And a plot, worthy of a good action movie, began to develop.

That evening the telephone rang at the office of Sergey Likashin, deputy chief of the Administration on Economic Crimes of the oblast GUVD, who was overseeing this case. The caller was head of the Pushkino UVD Vladimir Perkin, who knew him since they had worked together in Pushkino. He advised the colonel not to interfere in Molkom affairs for his own safety. Lukashin, however, did not heed that advice.

On the following day, 5 April, the wife of the lieutenant colonel (who, by the way, lived in Pushkino District) was forcefully delivered to the local RUOP [Regional Administration to Combat Organized Crime] as a witness (!) in a criminal case.

On 10 April, Lukashin's youngest daughter, walking her dog at 2100 H, encountered a stranger with a rifle, who followed her. It was a miracle that she managed to escape. On the same day a man who displayed a militia identity card to her, attempted to abduct his 18 year old daughter returning home at 23000 H. The young woman screamed, broke away, and escaped into a nearby home where her relatives live. Fortunately they opened their front door in time and the malefactor managed to escape.

On 19 April the local RUOP attempted to search Lukashin's apartment, in connection with the criminal case in which his wife is a witness. It was only the personal intervention by GUVD leadership that stopped the local detectives.

We are not even mentioning the other threatening phone calls.

Lukashin had no alternative but to move and hide his family. Even this turn of events, however, did not

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compel UEP to "forget" the Molkom affair. In fact it had more of an opposite effect.

"The large blast furnaces breathe blue flames, as tehe enemy is building submarines to destroy us.

But we are people to be reckoned with, and we hide in black holes.

We have such devices, but we will not tell you about them."

Do Not Part With What You Love

Even though a criminal case was initiated, the UEP never got the opportunity to study the financial documents of the Molkom Joint Venture. The leadership of the joint venture stood up in defense of its "property." The case was further complicated by the fact that on the very next day after initiation of the case, Mikhail Malkov, the general director of Molkom and the well-known diver, disappeared in an unknown direction. His subordinates simply scatter throughout the extensive territory of the terminal upon the appearance of the militia. In accordance with the law it is possible to collect the documents only in the presence of an official.

The UEP personnel, it is true, can console themselves with the knowledge that they are not the only ones to be given the runaround. Even before this whole affair started the auditing and monitoring administration of the Ministry of Finance made an attempt to check on the activities of Molkom. It failed as well.

We do not know how you feel about this, dear readers, but observing the persistent unwillingness of the "divers" to meet with the oblast GUVD, we logically tend to conclude that honest entrepreneurs (especially at such a level) would have nothing to fear. What is really hidden behind the Molkom brick wall?

It is apparently something very serious, since the Molkom personnel even turned to Pushkino leadership for help.

On the initiative of Aleksandr Markin, the district procurator, the Pushkino People's Court ruled to dismiss the case. Such absurdity is totally implausible: a civil court does not have the right to accept criminal cases. The oblast procurator's office did not remain on the sidelines, however, and ordered procurator Markin to challenge that ruling. Unable to face the embarrassment of the situation, however, he stayed at home claiming to be ill, and the appeal had to be submitted by his deputy.

Markin, accompanied by head of administration, personally arrived on the day when GUVD personnel were checking Molkom and in the presence of the detectives advised general director Malkov: "Do not provide any documents."

The problems of customs warehouses were really being taken close to heart by the district fathers. Governor Klimchuk, for example, appealed to the president with a request to resolve the illegal situation. Chief of militia Perkin even signed a letter to the minister of internal affairs in which he accused UEP personnel of corruption.

Perhaps the reason for such interest is due to the high public consciousness of the officials? Alas, the point here is something entirely different.

As indicated by the documents which came into our possession, in February 1995 Nikolay Klimchuk head of administration of Pushkino District received a gift in the form of a rather nice brick cottage with land (a total area of 245.2 square meters) on the territory of the terminal from the underwater technical operations detachment (read, founders of Molkom). Their gift was evaluated by the generous givers at 12,908,115 rubles [R] (!). That was for a three-story brick building with a swimming pool, a sauna, a garage and parquet floors.

The chief defender of law and order in Pushkino District, Lieutenant Colonel Perkin, also found a home not too far from Klimchuk. In August 1994 he became the owner of an equally valued home situated nearby. It is true, by contrast with Klimchuk, the colonel did not just receive a cottage, but exchanged it for an undeveloped lot in the village of Zhukovka. The honest police official had to pay R28,750,000 out of pocket. They also gave a cottage to Militia Major Aleksandr Khokhlov, chief of the terminal security division.

I think there are not many who would refuse such a deal. Even though none of the authors have R28 million laying around, we could have readily obtained a loan, or borrowed from friends and acquaintances. Of course, if we had gone to work for internal affairs agencies or the government, instead of going into journalism.

Red Tape

Excerpt from the edict of the president of the Russian Federation on appointment in the federal government service: Point 10. A government employee does not have the right to receive gifts or monetary or other remuneration from legal bodies or citizens in connection with the performance of official duties.

Nikolay Klimchuk, chief of the Pushkino District, is undoubtedly literate. He knows the law but sees nothing prejudicial in receiving a house.

In talking to us Nikolay Grigoryevich declared that actually he did not get the cottage free of charge. It

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was listed as a gift only to avoid taxes, which he states he deeply regrets.

"It will apparently be necessary to pay for the house in full," Klimchuk stated, sighing.

The head of administration in general has a peculiar view of the world. For instance, he describes the deal made by Molkom with Perzhin, the UVD chief, as an exchange—a house for a house. Even though we know for certain that except for some tree stumps Perkin's former lot contained nothing. He calls the UEP operation "an onslaught organized for the purpose of paralyzing operation of the terminal." While his rapid appearance at the entrance to Molkom he explains stating that the militia cut off transport to the nearby populated points and failed to allow an ambulance to get through with a sick woman. It was then, like Doctor Aybolit in the comedy, that the home owner-governor rushed to help the sick woman.

Quite honestly, listening to Klimchuk's clumsy lies we even felt somewhat embarrassed for government employees. After all the head of administration could have thought up something a little more sophisticated especially since such experience already exists.

The point is that those cottages of the district fathers, located inside the Molkom compound, were built on land which was obtained by the terminal in a manner that was not quite legal, with the help of Governor Klimchuk.

In January 1992, circumventing the existing decision of the Moscow Oblast Executive Committee, he transferred 46.8 hectares of DOSAAF [All-Union Voluntary Society for Assistance to the Air Force of the USSR] land by issuing a decree to the underwater technical operations detachment (or more precisely, to Mikhail Malkov) for development as a production base and for housing construction. In return Malkov obligated himself to provide technical and financial assistance in the development of the district every year.

After just four months, however, the head of administration issued another document. In somewhat laconic language it directed that the divers be given an additional over four hectares of land, while Point 4 and Point 5 of the former decree were to be voided. Is it worth mentioning that Point 4 and Pint 5 dealt specifically with the granting of material assistance to Pushkino.

In other words Molkom got its hands on a highly desirable piece of real estate in Podmoskovye completely free of charge.

As we see the "father" of Pushkino District (Klimhcuk, and certainly not the local figure Akop Yuzbashev)—is a master of his craft. It is apparently not by accident that stubborn rumors are circulating in the oblast to the effect that the district has long ago turned into Communist real estate.. It was specifically here, before the official registration of the Communist Party of the Russian Federation, that it conducted secret meetings. While Svetlana Savitskaya, the local State Duma deputy, as rumor has it, got into parliament with the clear support of local authorities.

We know of a case, for instance, when one of the officials mentioned above worked on the chiefs of village administrations. Threatening to divulge compromising information he had on them and demanding that they vote for Savitskaya as the price for his silence.

Questions but No Answers

Three months have passed since the scandal around Molkom Joint Venture exploded. The time that elapsed, however, did not add any clarity to this scandalous affair, and the opposite may even be the case.

It not understandable, for instance, what goals were being pursued by the Molkom administration in reorganizing an ordinary militia division into a special antiterrorist force arming it with specially equipped submachineguns, explosive devices, and antitank mines.

Why did Mikhail Malkov, general director of the joint venture, disappear the day after the case was opened, and is now communicating with his subordinates exclusively by cellular telephone?

Who organized the attacks on the relatives of Lieutenant Colonel Lukshin?

The most important question, however, is probably what is it that the leadership of Molkom Joint Venture is trying to conceal so zealously?

It is possible to answer that question partially by recalling that Molkom appeared just prior to the end of Soviet power. When Communists, understanding the inevitability of the end, undertook to create firms for laundering party money.

Let us make a reservation—this certainly does not mean that we are making any sort of conclusions. We are simply stating a fact. Even though the answer begs itself, we will remain silent for now.

They have always stolen in Russia, and will apparently continue stealing after we are gone.

During Soviet times, however, highly-placed corrupt officials camouflaged their business in some way, while the officials of today are not even attempting to cover themselves with a fig leaf.

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As we know, fearing "repressions," Vladimir Perkin, head of the Pushkino District UVD, has entered the hospital. Another "victim," Nikolay Klimchuk, district chief of administration, intends to take a legal pre-election vacation. The point is that on 1 September elections for the post of district chief of administration will be held in Pushkino. Klimchuk, just as Perin, intend to run for that office. The reasoning here is simple—if Klimchuk fails, Perkin will win.

Unfortunately, the situation will not change with a new chief of administration.

Russia: Arrest in Murder of Potassium Mining Chief

964F3160A Moscow SEGODNYA in Russian 25 Jul 96 p 6

[Article by Anna Feofilaktova, under the rubric "Investigation": "Out of Switzerland, Into Prison"]

[FBIS Translated Text] **The de facto "master" of Russia's potassium industry is suspected of murder.**

Active exploitation of the potassium deposit in Perm Oblast began in 1933. By rough estimates its reserves are 150 billion tones, concentrated in an area of 4,500 square km. The potassium ores, from which potassium fertilizers are made, are extracted by underground mining. Most of the mines are concentrated in the Verkhnekamsk basin in Perm Oblast. Some 21,000 people work in the mines. They extract more than 6.5 million tonnes of potassium a year.

In Japan they apply 131 kilograms of potassium fertilizer per hectare of agricultural land, in German it 120 kilograms, and in the USSR before its collapse the figure was 60 kilograms. In Russia today, however, no more than 8 kilograms of this fertilizer is used per hectare.

On 4 September of last year the body of Yevgeniy Panteleymonov, general director of AS [Joint-Stock Company] Neftekhimik, was found in the doorway of his apartment in a building in Perm. He has been shot five times with a Tokarev revolver. And on 21 May of this year Dmitriy Rybolovlev, the president of Kredit FD Bank was arrested on an indictment for this murder (under Article 102 of the RSFSR Criminal Code). A few hours later a second executive of this bank, Mr. Rybolovlev's deputy Vladimir Shevtsov, was arrested on the same indictment. The situation in which these events, which shocked Perm Oblast, developed deserves special attention.

Russia's only beds of potassium ore, from which the potassium fertilizers that are essential for agriculture (without them the yield of root crops drops sharply) are made, are concentrated in Perm Oblast. In addition, potassium is actively used in medicine (to strengthen bone tissue) and the foot industry (table salt). The enterprises which process the potassium ore were built in the immediate vicinity of the deposits, in Perm Oblast and in Belarus (according to the old Soviet habit of "breaking" industrial processes up over several regions of the country"). After 1991 and the collapse of the USSR Russia and Belarus formed the International Potassium Company (its two main elements were Uralkaliy and Belorusskaliy), which became the natural monopolist in production of potassium fertilizer. Until recently it controlled up to one-third of world potassium production, and customers for its output included companies from more than 50 countries.

In the whole world there are just four potassium deposits: Russia, the Upper Rhine (it is "shared" by France and Germany), Delaware (United States), and Saskatchewan (Canada). The world centers for processing potassium developed accordingly: North American, European, Russian, and Israeli (despite the fact that Israel does not extract its own potassium there are processing enterprises in its territory). There are just 26 associations that process potassium in the world. They follow a coordinated policy, agreeing among themselves on the volumes of extraction and processing and prices.

As already stated above, in Russia the International Potassium Company engages in extraction and processing of potassium. In Perm Oblast the potassium fertilizer production chain includes AO Neftekhimik, AO Uralkaliy, and other enterprises. They are all listed among the founders of Kredit FD Bank, whose president was Mr. Rybolovlev (a veterinarian by training). In addition to the above-named companies the list of founders of this bank include AO Metafraks, the Financial House investment company, and OOO [limited liability company] Konsultant LTD. Mr. Rybolovlev became head of the bank in March 1994, immediately after it appeared (his deputy Vladimir Shevtsov formerly worked as deputy chairman of the oblast property fund). But Mr. Rybolovlev was not content with one position for long—in early 1996 he became chairman of the council of directors of AO Uralkaliy, and a little later a member of the council of directors of AO Metafraks. It would perhaps be no exaggeration to say that by these organizational moves Mr. Rybolovlev concentrated practically the whole national potassium industry under his influence.

This industry has not been experiencing the best of times recently (since the mid 1980s). The situation worsened in particular after the collapse of the Union and the economic crisis that caused. No more than 50 percent of the production capacities for extraction and processing

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of potassium in Perm Oblast are active. As a result the work force is also decreasing—according to official figures about 10 percent of the employees have now been discharged (these figures do not consider concealed unemployment). The situation that developed is gradually squeezing the International Potassium Company, which engaged in export of its output to third countries without intermediaries, out of the world market. Moreover, circumstances shaped up so unfavorably that Russian potassium enterprises had to reduce prices on their output sharply or they could not market it at all. According to calculations by experts, if this situation continues for two more years the Russian potassium industry will be completely ruined. And in the meantime Russian agriculture is forced to buy potassium fertilizer abroad.

But more than just internal Russian problems lie behind the decline of the Perm deposit and local processing enterprises. Foreign companies were quick to take advantage of this difficult situation. In the Swiss city of Zug is the headquarters of the transnational corporation Transammonia, which specializes in intermediary services by reselling fertilizer and chemicals throughout the world. According to certain information it was this company that decided to assume the role of intermediary between the Russian potassium industry and the world market (this role had formerly belonged, let us recall, to the domestic International Potassium Company).

And now for the strangest part of this story. Mr. Rybolovlev, the president of Kredit FD Bank, was arrested getting off a plane that had arrived in Perm from Switzerland. Moreover, after the arrest, according to confidential information, Mr. Rybolovlev was found to possess a residence permit for Switzerland and documents showing ownership of certain real estate in that favored country. The investigation must determine by what means and for what services Mr. Rybolovlev received these rewards. Moreover, law enforcement organs will also have to establish the circumstances of the tragic death of Yevgeniy Panteleymonov, general director of AO Neftekhimik, on suspicion of whose murder Dmitriy Rybolovlev was arrested.

Russia: New Developments in 'Sokhnut' Agency Controversy

964F3018A Moscow NEZAVISIMAYA GAZETA in Russian 24 Jul 96 p 5

[Article by Konstantin Vatrasov and Dmitriy Maslennikov under "Collision" rubric: "Once Again About the 'Sokhnut' Agency: the Article in NEZAVISIMAYA GAZETA Woke Up the Participants in the Conflict"]

[FBIS Translated Text] The great public reaction caused by the article "Activity of 'Sokhnut' Prohibited" (NEZAVISIMAYA GAZETA, 15 May 1996) forces us to pursue this theme further.

We remind you that at the beginning of May of this year there were only unconfirmed rumors with respect to the difficulties that have arisen in the work of the Jewish Agency "Sokhnut" in Russia. Representatives of "Sokhnut" and employees of the Ministry of Justice got away with just some brief comments that did not explain the essence of the matter. Where can one try to obtain additional information in this situation? Naturally in "competent agencies," more precisely the special services.

Maxsimov Isayev, the correspondent of NEZAVISIMAYA GAZETA, was able to familiarize himself with the contents of a voluminous dossier on "Sokhnut." Part (a small part) of the information was the basis for the above-mentioned article, which appeared extremely tendentious to the leadership of the Jewish Agency "Sokhnut." One way or another, it woke up interested persons in Russia and abroad. Russian officials and Israeli activists became more frank.

We remind you that de jure the Jewish Agency "Sokhnut" was registered in Russia in 1992 as the Moscow representation of this organization. Thus, the representation "Sokhnut" did not have the right to extend its activities beyond the boundaries of the Russian capital.

But the Moscow representation of the Jewish Agency nevertheless organized branches in Khaborov Kray, Nizhniy Novgorod, the Jewish Autonomous Oblast, and other places. The most interesting thing is that the branches of the agency, in contrast to the "center," had the status of legal persons, which contradicts domestic legislation.

Under Russian and Israeli laws, as they told the correspondents of NEZAVISIMAYA GAZETA in the Ministry of Justice of the Russian Federation, representations of international public societies as well as noncommercial governmental associations are not legal persons. According to the ministry representative Gennadiy Monakhov, "the annulment of the registration of the Moscow section of the Jewish Agency 'Sokhnut' was caused by the violation of Russian legislation." In accordance with the existing rules on the Jewish Agency "Sokhnut," the Ministry of Justice of the Russian Federation has the right unilaterally to refuse the agency registration in connection with the violation of Russian legislation.

Shortly after the article in NEZAVISIMAYA GAZETA came a refutation from Eldar Adar, press secretary of "Sokhnut." To be sure, Mr Adar preferred to send it

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to YEVREYSKAYA GAZETA (No 10, 1996), where it was printed. Judging by this publication, on 15 May of this year, representatives of the agency asked the Ministry of Justice of the Russian Federation to legalize the activities of "Sokhnut" in the entire territory of Russia.

In his recent press conference, however, Minister of Justice Valentin Kovalev told a different version to correspondents of NEZAVISIMAYA GAZETA. In his words, after consultation with the best foreign jurists, representatives of "Sokhnut" recognized the correctness of the claims of the Ministry of Justice and took back their documents to bring them into conformity with the law. Since that time, no documents have been received from "Sokhnut." The minister insists that there are no hidden political factors in this matter. He does not see any hindrances to the activities of "Sokhnut" in the territory of Russia. "As soon as the corrected documents are submitted, the agency will immediately be registered," he asserts.

We communicated with the press secretary of 'Sokhnut" in Israel. The initially fervent desire to respond to all of our questions evaporated after receipt of a fax with the actual questions. The leaders of "Sokhnut" considered it impossible to answer such direct questions. They declared that they will react only after publication of the present article.

Here is a complete list of our questions:

1. How did the decision on the annulment of the registration of the Moscow representation of "Sokhnut" affect or how might it affect the activities of the agency in Russia?

2. As is clear from the documents available to us, after restoration of diplomatic relations between Russia and Israel, most of the work in the Jewish communities is done not by official diplomats but by representatives of international Jewish organizations. This, it is asserted, makes it possible for the State of Israel to avoid accusations of interference in the internal affairs of Russia. Do you not think that this is the main reason for the refusal to register the representation of the agency in Moscow?

3. Do you not think that if the Ministry of Foreign Affairs of Israel would take a more active part in the work of the repatriation of Jews, then this work would be accomplished in a stricter framework and would be met more warmly in Russian state structures?

4. What kind of staff does the Moscow representation have? How many of the employees are citizens of Israel, how many are citizens of Russia, and how many are subjects of other states? Which of the staff members of the representation have diplomatic status?

5. Why was is not possible to register the representation with the formation of an independent legal person?

6. With what state organizations of Israel are the activities of the agency in Russia coordinated?

7. How does the agency interact with "Lishkat Akesher," the bureau for communication with Jews of the CIS and Eastern Europe under the office of the prime minister of Israel?

8. Does the agency have contacts with the organization "Nativ"?

9. What international and Russian public organizations cooperate with the agency and helped in the organization and registration of the Moscow representation of the agency?

10. What commercial organizations took part in the organization and registration of the Moscow representation of the agency?

11. The Israeli Center for Technological Initiatives together with the agency carried out thematic seminars, to which they invited persons with a higher education and having inventions and new ideas. The objective of the seminars was the study of the possibility of introducing these inventions in Israeli industry. In so doing, was a legal appraisal performed?

12. The main complaint against the activities of the agency on the part of official Russian bodies is the fact that a significant share of the repatriated persons comes to Israel under a tourist visa or for studies. Such a course is in conflict with Russian laws and gives rise to numerous difficulties if the repatriated person wants to visit Russia or return to it altogether. According to the documents available to us, some of the agency's programs (in particular the program "Maslul") provide for a compulsory change in their status immediately upon arrival in Israel. Is this information correct and can such a procedure be changed?

13. Under Russian laws, persons subject to conscription who go to another country for studies remain Russian citizens and are obligated to return to Russia at the request of the military commissariat for service in the army. Does the agency accept the obligation to inform these young men and send to them the notice from the military commissariat?

14. Under the conditions of the educational programs for young people, those who decide to interrupt their studies in Israel must bear the expenses on returning. How is the matter decided in the event that the student is forced

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to interrupt his studies for service in the Russian Army and he has no money to return?

We hope to receive answers to these questions from the leadership of the Jewish Agency "Sokhnut" and naturally we guarantee their publication in full. For the time being, we will relate some additional information on the activities of this organization in Russia.

The dossier that we studied does not contain any secret materials—they are ordinary working documents of the Jewish Agency "Sokhnut," the Ministry of Justice, the OVIR [Department for Visas and Registration of Foreign Citizens], the military commissariat, and others. We will stress right away that they are not originals but copies. Customarily in such cases, however, the special services do not engage in falsification.

Some of these documents confirm to some degree the accusations of violation of Russian legislation.

Take, for example, the correspondence of "Sokhnut" with the military commissariat of Baumanskiy Rayon of the city of Moscow. In mid-1993, Mr Lakhat, the head of the Moscow representation, asked the military commissariat "to assist in the resolution of the problem of the departure of the citizen of the Russian Federation Ilya Naumovich Dynkin, born in 1976, for one year of studies in the State of Israel" in the scope of the program "Aliya-18" organized and financed by the European Agency. Under the laws of Russia, Mr Dynkin was supposed to have been called up to the army in the fall of 1994. As it later turned out, actually the time of his studies was two years and, in response to the repeated appeals of the military commissariat to "Sokhnut" requesting that it turn the induction notice over to Ilya Dynkin, the attorney of the Moscow representation of the agency A. Akselbant answered that they cannot deliver it to him and therefore are returning it.

And there is the standard document entitled "Request, Declaration, and Consent" that is filled out by the parents of a child leaving for studies in Israel. One of the points of the agreement states that if the information about the child that the parents provide turns out to be incorrect and imprecise, the youth repatriation section has the right to return it. In this case (just as in the situation in which the child or his parents decide that he should interrupt his studies and leave the country), all of the expenses of his return are borne by his parents.

The advertising-information sheet that tells about the absorption program in the "Maslul" system for university education, includes the absolutely categorical statement: "Students who come to Israel as tourists are obligated to change their status immediately to that of a new repatriate.... In the course of the studies in the ulpan, each student must pay 200 shekels as partial compensation for support expenses (from the money of the 'absorption basket' that he will receive upon changing his status)."

At the same time, documents also state that in the registration of its Moscow representation, "Sokhnut" ran into the opposition of the Ministry of Justice. In the Moscow Council, they were prepared to register the representation immediately but then its activities would have been limited to the boundaries of the capital only. But the agency wanted from the very start to operate legally throughout the territory of Russia. It was precisely for this reason that it sought registration in the Ministry of Justice, which it was able to do only after the intervention of very influential forces. Only the Moscow representation was registered, however. Representatives of "Sokhnut" appealed to the ministry with the request that it change its status to that of "representation of the Jewish Agency in Russia" but these appeals remained unanswered.

"Sokhnut" had to carry on a lengthy correspondence with the GAI [State Motor Vehicle Inspectorate] and the Ministry of Justice just to acquire a couple of vehicles for its official needs. So the bases for the present collision were laid during the process of registration in 1992.

Still, those who link the difficulties of "Sokhnut" with the violation of human rights and anti-Semitism are clearly exaggerating. It is possible that it is more a matter of geopolitical collisions of different financial and national interests. As a confirmation, we will present a quote from the book "Ostanovite samolet, ya slezy" ["Stop the Airplane, I am Getting Out"], a classic of contemporary Jewish literature Yefraim Sevela:

"Why do we still need immigration? For money. Immigrants will come and the Jews of the world who are excited about this fact will not be stingy but will pay large sums of money to the State of Israel for the integration of the immigrants. Where can one get immigrants now? From Russia.... There is fresh blood for Israel. The Jews of the world are paying for this fresh blood and a stream of gold, thundering and resonating, is rushing into Israel.

"To whom? To the new immigrants? As they say, excuse me and move over.

"In Israel, they are using this money to create an economic miracle that on closer examination would cause any economist to have a heart attack and would drive circus jugglers crazy out of professional envy."

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Russia/Ukraine: Border Region Economic Cooperation

964F3011A Moscow ROSSIYSKAYA GAZETA (EKONOMICHESKAYA SOYUZ Supplement) in Russian 20 Jul 96 p 10

[Article by Viktor Metchikov: "We Should Not Live Without Each Other...: a Council for Economic Cooperation of the Border Regions of Russia and Ukraine Is Operating in Belgorod"]

[FBIS Translated Text] Belgorod—The latest news from the Russian-Ukrainian border region: It can be said that Belgorod Oblast "broke through a window" to the Black Sea. A delegation headed by Governor Yevgeniy Savchenko recently visited Simferopol and returned from there with an entire package of bilateral treaties and agreements on mutually advantageous cooperation in the areas of trade and economics, resorts and sanatoria, and others.

After the appearance of national borders, the inhabitants of contiguous territories sensed especially acutely how much united them and will unite them. It is no accident that it was precisely here that for the first time the idea was expressed aloud of the establishment of a council of leaders of border oblasts of Russia and Ukraine with the objective of restoring the thoroughly devastated cooperation.

The council was created by five neighboring oblasts but it is growing rapidly and together with Crimea it now counts 15 cofounders. And the list has not been concluded.

The Council for Economic Cooperation of the regions has become a regional force that the governments of Russia and Ukraine can no longer fail to take into account. And because of this activity, the border region itself has become a true proving ground for the development of a mechanism for the economic, political, and social ties of the two republics under new and previously unknown conditions. It is sufficient to say that it was precisely at the initiative of the council that an intergovernmental agreement was reached on the cooperation of the border oblasts of Russia and Ukraine. For its realization, the council acquired the infrastructure of working bodies that are constantly improving organizationally. The council has an executive committee and also an executive board, which is presently being transformed into an international association with broad initiative functions.

An idea is being implemented to set quotas for the educating of Russian students at Ukrainian institutes of higher learning and vice versa, whereby each of the sides obligated itself to consider the "foreigners" their own with all of the consequences that result from this, including the payment of scholarships on a common basis for the institute in question.

An exhibition of Ukrainian goods was organized in Belgorod last summer. The Belgorod chamber of trade and industry is now participating in the promotion of Ukrainian goods in the local Russian market. They are entrusting the realization of major projects to the executive board. Thus, it was entrusted with the sale in Russia of Ukrainian vegetable oil, sugar, and flour as a means of paying off Ukraine's debts to Russia for energy sources.

The establishment of Russian-Ukrainian financial-industrial groups will be particularly significant for the revival of the economy. In the opinion of experts, many questions that are difficult or even impossible to resolve relying only on intergovernmental agreements can be resolved more easily in the scope of such unified economic and organizational structures.

Preparations have begun for the creation of an interstate foundation that would be the guarantor for domestic and foreign investments. There is great interest in them on both sides, especially for the development of agro-industrial complexes.

Belgorod Oblast already has some experience in this extremely important matter. French technology and equipment for the cultivation of grain crops and sugar beets are being used successfully in the fields here. It was not long ago that they resolved the question of the French provision of a large commodity credit with payback over a period of three years.

Certainly an important block of cooperation is the rise of a single information space for the border regions of Russia and Ukraine. Fundamental agreement on its establishment was achieved at a meeting of the council of leaders of the oblasts and the work is already in full swing. A concept has been worked out and clarity has already been reached on specific parameters in the exchange of business information. Kharkov on the Ukrainian side and Belgorod on the Russian side have been designated as the primary centers for the basing of the "borderless" information system. And there is still another bit of pleasant news along those same lines: a newspaper for the border regions with the beautiful name SLAVYANKA has begun to be issued in Kursk.

There have been some achievements in cooperation but one should not minimize the problems and difficulties in the realization of projects. Thus, for example, another attempt at the establishment of a Russian-Ukrainian clearing center for the reciprocal offsetting of payments was unsuccessful. The council of leaders of the regions

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agreed in principle that it will function in Kharkov and Belgorod on the basis of oblast offices of the National Bank of Ukraine and the Central Bank of Russia. But as soon as it became clear that this activity could not be limited to the circulation of money and that operations are needed with money and with commodities, then the "ceiling of possibilities" immediately became visible. The fact is that the current laws of Russia and Ukraine do not provide for such operations.

But even after having successfully resolved this specific question, no one will take away a more general problem. And it involves the fact that it has become necessary to make the legislation and normative base of Russia and Ukraine as similar as possible. It is impossible to organize economic and any other kind of cooperation without their harmonization.

CIS: Edict on Integration in Education

964F2802A Moscow ROSSIYSKAYA GAZETA in Russian 9 Jul 96 p 3

[Edict of the President of the Russian Federation: "On the Russian Federation's Support for Integration Processes in the Field of Education in the Commonwealth of Independent States"; signed by B. Yeltsin, Moscow, Kremlin, 13 Jun 96, No. 902]

[FBIS Translated Text] For purposes of preserving the shared spiritual legacy of the peoples of the member states of the CIS, ensuring citizens' rights to a modern education, and forming a unified educational domain in the CIS, I hereby **decree**:

1. That drafts of a Conception of Forming a Unified Educational Domain in the CIS and a Treaty of Cooperation in the Formation of a Unified Educational Domain [appended but not published in this newspaper], which have been submitted by the Administration of the President of the RF [Russian Federation], the RF State Committee for Higher Education, the RF Ministry of Education, the RF Ministry for Cooperation With Member States of the CIS, the RF Ministry of Foreign Affairs, the RF Ministry for Nationalities and Federatative Relations, the RF Ministry for Science and Technical Policy, the RF Ministry of Social Welfare, the Russian Academy of Education, and the Institute of Legislation and Comparative Jurisprudence under the Government of the RF, be approved.

2. That the RF Ministry for Cooperation With the Member States of the CIS, the RF State Committee for Higher Education, and the RF Ministry of Education jointly submit a draft of a Conception for the Formation of a Unified Educational Domain in the CIS to the Council of the Heads of the Member States of the CIS for consideration, in the usual manner.

3. That the RF State Committee for Higher Education and the RF Ministry of Education, along with the RF Ministry for Cooperation With the Member States of the CIS and the RF Ministry of Foreign Affairs, hold talks with authorized agencies of the member states of the CIS on concluding a Treaty of Cooperation in the Formation of a Unified Educational Domain, if necessary authorizing minor changes and amendments to the submitted draft.

That on the basis of the results of the talks, the RF State Committee for Higher Education and the RF Ministry of Education, in consultation with the RF Ministry of Foreign Affairs, submit proposals to the Government of the RF on signing the Treaty.

4. That the appended Program of the RF's Support for Integration Processes in the Field of Education in the CIS be approved and given presidential status.

That the RF State Committee for Higher Education and the RF Ministry of Education be designated as the state initiators [zakazchiki] of projects in implementation of the Program.

That in the process of forming drafts of the federal budget for 1997 and subsequent years the Government of the RF provide appropriations for implementation of the Program after it has been properly included in the list of federal programs funded by the federal budget.

5. That the RF State Committee for Higher Education, the RF Ministry of Education, and the Russian Academy of Education be assigned the functions to be carried out by the RF relating to information-analytical and methodological support of the system of education in the CIS.

6. That agencies of state authority in subjects of the RF be advised to assist in the implementation of the Program of the RF's Support for Integration Processes in the Field of Education in the CIS, as approved by this Edict.

7. That the Administration of the President of the RF be assigned to monitor the implementation of measures stipulated by this Edict.

[Signed] B. Yeltsin, president of the Russian Federation

Moscow, Kremlin 13 June 1996 No. 902

CIS: Kazakhstan's Isingarin Assesses Integration

964F2802B Moscow NEZAVISIMAYA GAZETA in Russian 6 Jul 96 p 1

[Article by Ilya Maksakov: "Integration Committee Gets Down to Work. Formation of Customs Union Will Be Completed by Year's End"]

[FBIS Translated Text] **Union of Four**

The present stage of operation of the IK [Integration Committee] (the executive agency for accomplishing the

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goals and tasks set forth in the agreement on intensifying integration between Belarus, Kazakhstan, Kyrgyzstan, and Russia) is one that IK's chairman, Kazakhstan Vice-Premier Nigmatzhan Isingarin characterized as the "rough draft" or "thought" stage. After yesterday's meeting of the IK in Moscow the organizational stage came to a close, and now the IK starts formulating the mechanisms of implementing agreements signed on 29 March by the four presidents.

As Isingarin said, the main focus will be on measures to form a Customs Union of the Four; plans call for it to be completed by year's end. This will require that every state meet 10 conditions stipulated by the IK. It is assumed that this will happen by the next meeting of the Interstate Council of the Four, planned for this October. Only after that can the heads of state say that the Customs Union is a fact. Each of the 10 conditions (six of them have already been met in part or in full) require interstate treaties and intrastate procedures to be carried out. Moreover, the Customs Union is not closed to other states, but anyone desiring to join must meet the conditions.

Among the difficulties encountered by the integration process IK's chairman listed a lack of coordination between the decisions and mechanisms to implement them in each state. And so the IK will serve as coordinator and promote joint efforts. In addition, interstate economic cooperation is hampered by the lack of agreements to prevent double taxation. According to Isingarin, despite the transparency of the borders, what are perhaps more rigid borders have sprung up—duties, quotas, and licenses.

Speaking of interaction with other members of the CIS, Isingarin advocated a general conference of numerous directing and coordinating agencies of interstate cooperation to map out ways to accomplish the united goal. He also mentioned that the Four was not created in a roundabout way but moved "along the same track," the only difference being that parties to the agreement to intensify integration became the "leadership group."

Responding to this paper's question on the role of Kazakhstan and its leader Nursultan Nazarbayev in the integration process (by the way, today is Nursultan Abishevich's birthday), Isingarin emphasized that Kazakhstan is deeply committed to the process of unification [obyedineniye] within the CIS. He attributed this to the historical ties between Kazakhstan and Russia, ties whose rupture caused many of Kazakhstan's industrial plants to close down. The human factor was very important, because presently Russians make up 35 percent of Kazakhstan's population. Isingarin believes that Nazarbayev was one of the first to realize the dire consequences of disintegration and has become a consistent advocate of integration.

P.S.: By the way, it is expected that Kazakhstan's president will receive a good wishes telegram from Boris Yeltsin on his birthday.

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Political Issues

*Russia: Presidential Election Results in Regions Analyzed

964F3086A Moscow NEZAVISIMAYA GAZETA (NG-STSENARII Supplement) in Russian 31 Jul 96 pp 1-2

[Article by Sergey Leonidovich Gostev, scientific associate, Regional Analysis and Forecasting Center of Russian Civil Service Academy: "The Results of the Deciding Vote; the Geography of Regional Voter Preferences"]

[FBIS Translated Text] The overall results of the RF presidential elections confirmed the predictions of relatively stable political points of reference in territories distinguished by exceptionally constant voter preferences since the beginning of the 1990s. Some nuances that became apparent between the first and second rounds and were confirmed by the voting on 3 July are interesting because they have a real chance of turning into developmental tendencies in regional political processes in Russia in the near future. How did the major changes of personnel on Boris Yeltsin's team, the presidential staff's change of tactics, and the more intense campaigning by CPRF activists on the local level affect the choices of regional voters?

In the last edition (see NG STSENARII, 29 June 1996), we discussed voter preferences in the Russian regions in the first round of the presidential elections, basing the discussion on the results in the 40 regions with a population of over a million, where around 77 percent of Russia's voters live. These members of the Russian Federation are something like a barometer of the political mood of the Russian voters, the "critical mass" determining the outcome of national elections. How were the votes in these territories distributed between the two candidates? (See Table 1.)

Table 1

Regions	Thousands of voters in June 96	Votes for Yeltsin (%)	Votes for Zyuganov (%)
Moscow	6,745	72.29	17.92
Moscow Oblast	5,289	64.20	29.89
Krasnodar Kray	3,868	43.89	51.48
St. Petersburg	3,695	73.86	16.09
Sverdlovsk Oblast	3,440	77.02	17.81
Rostov Oblast	3,165	51.66	43.15
Nizhniy Novgorod Oblast	2,852	51.74	42.35
Bashkortostan	2,725	50.65	43.50
Chelyabinsk Oblast	2,664	58.50	34.98
Tatarstan	2,479	63.97	30.01
Samara Oblast	3,459	51.95	42.69
Kemerovo Oblast	2,167	41.59	51.49
Krasnoyarsk Kray	2,141	53.48	39.98
Saratov Oblast	2,046	44.04	49.98
Novosibirsk Oblast	2,036	43.74	48.90
Perm Oblast	2,020	70.85	23.57
Volgograd Oblast	2,004	44.21	50.48
Voronezh Oblast	1,963	36.97	57.64
Altay Kray	1,950	46.86	47.61

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Regions	Thousands of voters in June 96	Votes for Yeltsin (%)	Votes for Zyuganov (%)
Stavropol Kray	1,863	40.93	53.93
Irkutsk Oblast	1,773	52.89	39.51
Orenburg Oblast	1,583	40.81	53.94
Maritime Kray	1,580	52.96	39.41
Omsk Oblast	1,487	46.23	47.51
Tula Oblast	1,440	52.42	41.13
Leningrad Oblast	1,329	61.35	32.30
Tver Oblast	1,256	50.16	43.65
Vladimir Oblast	1,244	51.56	41.86
Kirov Oblast	1,200	50.70	41.57
Penza Oblast	1,166	35.50	58.95
Dagestan	1,152	54.24	42.79
Udmurtia	1,152	52.83	40.73
Bryansk Oblast	1,105	36.29	59.23
Yaroslavl Oblast	1,098	60.53	31.51
Khabarovsk Kray	1,098	58.98	33.72
Belgorod Oblast	1,093	36.61	58.20
Ulyanovsk Oblast	1,090	37.83	56.28
Ryazan Oblast	1,027	42.57	51.62
Arkhangelsk Oblast	1,012	64.37	27.26
Kursk Oblast	1,007	36.53	58.62

The winner was ahead of his opponent by 10 percent or more in only 17 of the 40 regions. Zyuganov was ahead in 16 of the regions. Yeltsin's lead did not exceed 10 percent in seven key regions. In spite of the candidates' equal positions in these regions along "territorial" lines, Yeltsin's lead (such a substantial one that it "cancelled" his setbacks in the "red belt"), assuring his re-election, was provided by the voters of the biggest cities—the megalopolises. The population of these cities, the traditional base of support for pro-reform forces, has already experienced the advantages and drawbacks of Russia's post-communist development and voted in favor of, according to our evaluations, the new social order rather than the individual.

The territorial distribution of votes, however, must not be ignored when the regional strategy of reform is being planned for the next four years, because it is a warning of stronger political separatism in the regions where the people expressed their wish for a "red" president and regard the election results as something "imposed" on them by the residents of the capital cities. Some regional leaders of the CPRF have already implied this in their assessments of the results of the presidential campaign. In the event of more serious economic problems, many people would be happy to play the "territorial" card of presidential legitimacy.

In accordance with electoral traditions, we should take a special look at the invariably conservative regions—10 members of the Russian Federation (Stavropol and Altay krays, Bashkortostan, Dagestan, and Belgorod, Bryansk, Kursk, Penza, Saratov, and Ulyanovsk oblasts)—where the voters represent 14 percent of the Russian electorate. The southern regions of this group make up the notorious "red belt," where the candidate from the national patriotic bloc has also felt quite confident. The metamorphoses of the second round, however, even had a direct effect on Zyuganov's "domain": In Bashkortostan Yeltsin had a lead of 7

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percent, while the CPRF leader's support increased by only 1 percent of the total vote. (Incidentally, the situation was comparable in the Jewish Autonomous Oblast, Kostroma, Kaluga, Rostov, Tver, and Tula oblasts, and Khakassia.) In Dagestan the change in the voters' mood was even more pronounced: Whereas Zyuganov was ahead of Yeltsin by almost 40(!) percent in the first round, after the ballots were cast on 3 July Yeltsin was in the lead by a margin of more than 11 percent. This rapid change in voter preferences in the two republics was probably due more to local publicity than to a deep conscious choice. Another reason is the traditional authority of the regional government elite among voters, and the members of this elite made a great effort to secure the re-election of the president just before the second round.

The other constantly conservative regions with a population of over a million retained their political image and stayed loyal to Zyuganov. In general, the characteristic difference between the political attitudes of big cities (mainly pro-reform) and rural communities (conservative) continued to influence voter preferences. Furthermore, this tendency is not confined to the "conservative" regions. In the city of Novosibirsk, for example, Yeltsin won a decisive victory (63 percent as compared to 31 percent), whereas the oblast voted primarily for Zyuganov (55 percent as compared to 37 percent).

In spite of the political surprises in the previously mentioned republics, the results of the second round did not and could not obliterate the "red belt" (see Table 2).

Table 2

Regions	First round		Second round	
	For Yeltsin (%)	For Zyuganov (%)	For Yeltsin (%)	For Zyuganov
Bashkortostan	34.6	42.6	50.65	43.50
Dagestan	26.4	66.5	54.24	42.79
Altay Kray	22.1	42.5	46.88	47.61
Stavropol Kray	22.3	44.4	40.93	53.93
Belgorod Oblast	23.2	46.9	36.61	58.20
Bryansk Oblast	26.6	50.4	36.29	59.23
Kursk Oblast	24.5	52.1	36.53	58.62
Penza Oblast	21.1	51.4	35.50	58.95
Saratov Oblast	28.8	42.1	44.04	49.98
Ulyanovsk Oblast	24.2	46.5	37.83	56.28
Group averages	25.4	48.5	41.90	52.90

The group of invariably pro-reform regions includes seven federation members: Moscow, Nizhniy Novgorod, Perm, Sverdlovsk, and Chelyabinsk oblasts and the cities of Moscow and St. Petersburg. In these regions, with a slightly higher voter turnout in the second round, Yeltsin won a landslide victory. Whereas the president was supported by an average of 49.3 percent of the voters in these regions in the first round, the figure was 67.6 percent in the second. The additional mobilization of the electorate in these regions "increased" Yeltsin's results by more than 15 percent (17 percent in Sverdlovsk Oblast), demonstrating the positive role of the "hidden reserve" that was not used in the first round. This went beyond our earlier reports of the effective use of the electoral potential of Aleksandr Lebed and Grigoriy Yavlinskiy, and also of Vladimir Zhirinovskiy to some extent. The struggle for votes in these regions was less a matter of "intercepting" the support for outsiders than of maintaining and increasing the number of voters, especially in the megalopolises, distinguished by the consistency of their pro-reform outlook. It was these regions, as we pointed out earlier, that were capable of neutralizing the impact of the "red belt"—the constant "territorial opposition" to Yeltsin and his reforms—and they succeeded in doing this again.

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Table 3

Regions	First round		Second round	
	For Yeltsin (%)	For Zyuganov (%)	For Yeltsin (%)	For Zyuganov
Moscow Oblast	44.7	24.4	64.20	29.89
Nizhniy Novgorod Oblast	35.4	33.0	51.74	42.35
Perm Oblast	56.1	16.4	70.85	23.57
Sverdlovsk Oblast	60.1	11.8	77.02	17.81
Chelyabinsk Oblast	37.2	25.1	58.50	34.98
Moscow	61.7	15.0	77.29	17.92
St. Petersburg	49.8	15.0	73.86	21.09
Group averages	49.3	20.1	67.60	26.80

The federation members with changing voter preferences make up a group of 23 regions with a population of over a million, with 17 percent of the voters living in intermittently pro-reform regions (Tatarstan, Krasnoyarsk, Maritime and Khabarovsk krays, several oblasts in central Russia, and others), and 21 percent living in intermittently conservative regions (Udmurtia, Krasnodar Kray, Voronezh and Kemerovo oblasts, and others).

The redistribution of the votes for candidates who dropped out of the race after the first round in accordance with the overall political outlook of voters in each of these groups of regions was a particularly distinct process. In this context, the results of the second round in regions with indefinite voter preferences seem quite predictable. Yeltsin was clearly in the lead in the intermittently pro-reform regions, and Zyuganov won an equally clear victory in the intermittently conservative territories. It was these regional groups that decided the outcome of the elections along with the "pro-reform" megalopolises.

Table 4

Regions	First round		Second round	
	For Yeltsin (%)	For Zyuganov (%)	For Yeltsin (%)	For Zyuganov
Tatarstan	39.4	39.1	63.97	30.01
Krasnoyarsk Kray	35.2	28.9	53.48	39.98
Maritime Kray	29.9	24.9	52.26	39.41
Khabarovsk Kray	49.4	23.1	58.98	33.72
Arkhangelsk Oblast	41.7	18.0	64.37	27.26
Vladimir Oblast	31.4	30.3	51.56	41.86
Irkutsk Oblast	32.8	27.9	52.89	39.51
Leningrad Oblast	37.9	23.4	61.35	32.30
Samara Oblast	36.6	35.6	51.95	42.69
Tula Oblast	30.4	30.7	52.42	41.13
Yaroslavl Oblast	33.3	18.4	60.53	31.51
Group averages	36.1	27.4	56.70	36.30

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If we compare the results of parliamentary elections, when the intermittently pro-reform regions have mainly supported democratic and centrist blocs (32 percent) and the intermittently conservative regions have supported leftist parties and movements (38 percent), to the equally stable results of the two rounds of the presidential campaign, we can see some continuity in the political outlook of the voters in the inconstant regions. Nevertheless, it would be absolutely wrong to put them in the invariably pro-reform and invariably conservative categories, because the voters of these territories, according to our evaluations, are more inclined to choose a "new" candidate, whether he is a liberal or a conservative. (This was the case in the days of the "early Yeltsin," in the 1991 election, when Zhirinovskiy burst onto the scene in national politics, and in 1996, when General Lebed apparently reaped his harvest of votes.)

The need to choose between two extremely different candidates in the second round probably forced them to give more thought to this choice. The awareness of voters in the intermittently conservative territories of their lack of social protection was stronger than their fear of the known drawbacks of a "red" government. Besides this, many people forget that the voters see a difference between "national patriots" and communists in the domestic opposition. It is obvious that the majority of opposition voters in the invariably conservative regions identify with the CPRF and communists in general, and voters in the intermittently conservative regions prefer nationalists (Zhirinovskiy, for example) or communists affiliated with national patriots in a single bloc (in the second round Zyuganov's support was augmented by around 10 percent of the vote, leaving him with a margin of only 3 percent).

Table 5

Regions	First round		Second round	
	For Yeltsin (%)	For Zyuganov (%)	For Yeltsin (%)	For Zyuganov
Udmurtia	37.4	31.0	52.83	40.73
Krasnodar Kray	26.6	40.0	43.89	51.48
Volgograd Oblast	28.9	40.5	44.21	50.48
Voronezh Oblast	22.9	46.0	36.97	57.64
Kemerovo Oblast	23.4	39.5	41.59	51.49
Kirov Oblast	31.6	29.3	50.70	41.57
Novosibirsk Oblast	26.0	35.5	43.74	48.90
Omsk Oblast	33.4	37.5	46.23	47.51
Orenburg Oblast	26.4	42.8	40.81	53.94
Rostov Oblast	29.3	35.0	51.66	43.15
Ryazan Oblast	25.0	40.5	42.57	51.62
Tver Oblast	32.4	33.9	50.16	43.65
Group averages	28.6	37.6	45.40	48.50

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It is completely obvious that Yeltsin's victory in the regions where he and his policy line were not supported by the voters, and where his approval rating was low even according to the results of the first round (Dagestan), was primarily due to Yeltsin's well-organized advertising campaign, during which, for example, no voter with a television set could escape the effects of pro-presidential ads (we all remember the remarkable impact of MMM's advertising), and also, to a lesser extent, to the methods local agencies of the executive branch of government used to influence the voters during the interval between the two rounds—methods that were "specific" to this area of politics. The president's assurances that the military conflict in the Caucasus would be stopped as soon as possible apparently played an important role in the final choice of the population of Dagestan. In the intermittently pro-reform regions the president's margin of victory was also largely situational. To some extent his lead over Zyuganov, which was equivalent to around 10 percent, was secured by the mobilization of Yeltsin's electoral reserves, partly by means of the redistribution of the earlier votes for Lebed and, to some extent, for Yavlinskiy in Yeltsin's favor.

Therefore, Yeltsin won a decisive victory with an average margin of over 40 percent only in the seven invariably pro-reform regions with a population of over a million, and his margin in the second round was only half as great—20 percent—in the 11 intermittently pro-reform territories. In most cases, the voters gave President Yeltsin a clear mandate to carry out his campaign program. The possible disillusionment of voters who believed the campaign promises could be displayed quite soon. This is predetermined by the severe economic difficulties of the regions and by the instability of the population's political outlook. These feelings are already apparent in Maritime Kray, where a severe energy crisis broke out almost immediately after the election. The nonpayment crisis is still an acute problem, and the armed conflict in Chechnya is escalating. All of these factors and many others are now working against the president, and the mere dismissal of the parties responsible will not be enough to solve the problems in the near future.

Russia: Yeltsin Succession Battle Seen Underway

964F3099A Moscow NOVAYA GAZETA-PONEDELNIK in Russian 29 Jul 96-4 Aug 96 No 27, p 4

[Article by NOVAYA GAZETA analytical group; place and date not given: "The Elections are Over. The Redistribution of Power Continues"]

[FBIS Translated Text]

Beating the Beaters

The series of scandals and noisy revelations involving corruption in high places expected during the preelection races began with some delay. To be precise, between the two rounds of the presidential elections. There were two reasons for this. In the first place, it is better to begin dividing up the bear's hide even before you kill it. (Otherwise there is the risk of becoming the honorary victor, in the sense of being without a piece of the hide on which to make onself comfortable.) And that is why the battle for places around the president began even before the victory shot. In the second place, in sending the "power-plant workers" into retirement immediately after the first round, Boris Yeltsin let it be known that the power version of solving problems of authority is ruled out. It was just this that also predetermined the choice of weapons for rivals within the presidential team: compromise.

Yeltsin's victory in the second round in no way means that the division of the hide is complete. What is more, the president's frequent seclusion because of "fatigue and slight indisposition," the insistent rumors that the next election of the head of state may take place long before the year 2000, as set by the Constitution, leads one to think that it is possible that it will not be just a question of dividing up servants' shares, but of the biggest piece, the boss's.

In a word, there is still one more hunting expedition. A royal one. And the victor then will be the one who is able to position his people in the places of stalkers, beaters, falconers, and baggers. The last elections demonstrated quite convincingly all the power and effectiveness of the executive branch; whoever controls it is simply doomed to succeed.

The Falconers vs. the Baggers

The pretenders from the party in power to the future royal position may be named already: Prime Minister Viktor Chernomyrdin and Secretary of the Security Council and Assistant to the President for national security Aleksandr Lebed. Both of them have already declared their intention to succeed Boris Yeltsin in the post of president of the country. But besides them there are also other resolutehunters for the change in positions. Some because they are by no means indifferent about who will replace the present boss of the Kremlin. Others because they hope to became head of the country themselves or, in the last resort, to take a position just behind the boss of the boundless hunting grounds.

The circle of these politicians is well known. First there is Yuriy Luzhkov. Although he has not yet publicly

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announced his intentions to become the country's new helmsman, the work qualities of the mayor of Moscow are well known, as well as his quite complex relations whether with Chernomyrdin or with the newly elevated Chubays. The latter, together with Viktor Ilyushin, the former first assistant to the president, proved himself in the capacity of an experienced and rather independent participant in both hunts - the internal and the external. The prospects of the Korzhakov-Soskovets group are quite vague. Their last ally in the top levels of power, the former head of the administration, Nikolay Yegorov has been sent into honorable exile - to his home estate. (True, having completed defense of his doctoral dissertation beforehand. Yegorov is a major historian.)

But the hunters that are capable of taking part in dividing up the bear's hide are not just among those surrounding the president. It is too early to write off the losing team of Communists. The more so since, contrary to predictions, the coalition of leftists did not fall apart after 3 July. And Gennadiy Zyuganov, who was destined for a quick political death, is still leader No. 2 in the country. Besides, the Communists enjoy the majority in the State Duma, while Gennadiy Seleznev, the Communist speaker, also contrary to expectations, is clearly in no hurry to follow the short, beaten path of his predecessor Rybkin from the opposition to power. Moreover, the Communists have a chance to win in the upcoming gubernatorial elections in the fall. In this case the Federation Council can also "blush." Neither must one rule out the appearance of the still unformed "third force," whose leader is now obvious - Grigoriy Yavlinskiy.

They are all to one degree or another participants in and/or victims of the continuing hunt.

Armwrestling

A bitter battle unfolded immediately for the posts of head of the FSB [Federal Security Council] and minister of defense that were left vacant after the first round. Its essence was not only and not so much how the army would be reformed and whether the FSB would remain the successor to the KGB. The main thing was what grouping's representatives would head these key structures, and, consequently, which of them would grow stronger.

The assault of the nomenklatura heights is a subtle matter. The shooting away of the unwelcome candidacies began at the very approach. First to be shot was Lev Rokhlin. The anticorruption report of the general deputy turned out to be a cumulative action. The experienced hand of the military leader who had taken Groznyy struck the main pretender to the post of minister of defense, Konstantin Kobets.

At the same time, the Chubays-Ilyushin group dealt the final blow to the prostrate Korzhakovists. Right after the noisy revelations (see the July special issue of NOVAYA GAZETA) the last Korzhakovist redoubt fell. Anatoliy Chubays took over as head of the president's administration, becoming at the same time his first assistant, and Nikolay Yegorov went to Krasnodar. The defeat was complete.

According to rumors from the FSB, Aleksandr Korzhakov and Mikhail Barsukov, who had returned from Sochi, simply could not get through to the president. On 15 July they were not admitted to the Kremlin. Moreover, it turns out that the president was in Barvikh. Persuading Lebed, the president's former bodyguards set out for the president's dacha with him. However, here also they came up against gates of oak. They were not admitted.

Nevertheless, Kremlin analysts consider that in the next month or so Korzhakov and Barsukov will again appear in the president's circle.

Skittles

The naming of Igor Rodionov as head of the military department signified that the battle for this height had been won by Lebed, who was an active patron of the hero of Tbilisi. However, a second height - the FSB - the secretary of the SB could not capture. If a fortress cannot be taken by a frontal attack, then one undertakes a flanking maneuver. That is just what the new-fledged minister of defense did, first of all declaring the necessity of introducing single command for all force structures. And Lebed achieved this from the very beginning.

But for every maneuver there is a countermaneuver. The president, heeding the advice of Lebed and Rodionov, issued a decree on creating the Defense Council, an agency to which all force structures would be subordinate. But he became the head himself, making Chernomyrdin deputy, while the actual leader, the secretary of the council was Yuriy Baturin, Lebed's predecessor in the post of assistant for national security. And Lebed himself is only a member of the SO [Defense Council].

The situation around another institution of power - the parliament - is developing according to the same plan. There was an unsuccessful attempt to create an anti-Communist bloc in the State Duma, which would replace the Communist Seleznev with the renegade Rybkin. And then a parallel parliament was created under Rybkin - the Permanent Consultative Council (PKS) - which was to be made up of the 43 electoral blocs that had not passed the five-percent barrier in the fall elections.

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Fearing to become the commander of a company of invalids, Rybkin went further and at the first session of the PKS suggested bringing in the victors in the parliamentary elections as well, establishing the posts of four more of his deputies for representatives of the NDR [Russia Is Our Home], KPRF [Communist Party of the Russian Federation], "Yabloko," and LDPR [Liberal Democratic Party of Russia]. Naturally the council approved the proposal. Now one may with quite good grounds compare the PKS to the State Duma and with firm grounds say that the former, as distinct from the latter, is the broadest representative of all strata of the population.

This kind of maneuver - the creation of a parallel structure to destroy an unwelcome one - is not new in politics. In his day, Islam Karimov, the president of Uzbekistan, deciding not to waste efforts and time on "cleaning out" the TsK [Central Committee] KPU [of the Communist Party of Uzbekistan] (renamed after August 1991 the TsK NDPU [National Democratic Party of Uzbekistan]), created a parallel presidential apparatus. And when the new building was built, it turned out that there was no reason to storm the old one. All its functions had moved unnoticed to the new structure.

Special Features of the National Hunt

The rise of parallel structures, the coming local elections, on the background of noisy declarations of a decisive struggle with corruption are a guarantee that the wave of revelations will not dry up. Rather it will go wider and deeper. The scandalous publications that have appeared in recent days on Russian provincial authorities (for example, "The Virus" by I. Korolkov in IZVESTIYA) are an extra proof of this.

It would seem that one should rejoice that the long-awaited process of cleanup has begun. But the pity is that the goal of the present fighters is not at all to relieve society of dirt and corruption, but to hit their enemies with this dirt. The very same Lev Rokhlin, with military directness, admitted that his main goal was to prevent Konstantin Kobets from gaining the post of minister of defense. And at the first instant it might seem that the general's goal was a struggle with corruption in the army.

By the way, all this in no way indicates that the mutual exposures used by the opponents do not correspond to the truth. It is just for that reason that we are publishing and will publish documents that come into our hands, no matter who they are from, whom they are directed against, and whatever aims are pursued by those who are supplying them. Because we are against dirt. Any dirt. "It is shameful not to clean up dirt, and it is shameful to live in it.," a wise man said not long ago in our editorial office. And all one has to do is to think about the fact that to hide unfavorable (for oneself, for friends, or for the country) information is to end up in the dirt oneself.'

Russia: Post-Election Power Sharing Analyzed

964F3131A Moscow SEGODNYA in Russian 10 Jul 96 p 4

[Article by Mikhail Leontyev: "Old Songs About the Main Thing: New Structural Organization of the Russian Government"]

[FBIS Translated Text] The most important thing at the present stage ended with the defeat of the Communists in the presidential election. Now the most interesting thing has begun.

Dividing the Victory

Of course, one must give us our due: we all really did a great job. The best job was done by the president who, no matter what was said, did a great deal more than was possible for this victory. But it is the president (as both a politician and, even more, a human being) who gains the least of all from this victory.

On the other hand, everyone else who did a great job has the chance to gain a great deal. In any case, that's the way it seems to them. Preparations for "dividing up the victor's carcass" began long before the victory and, as we know, sometimes assumed forms that were not quite decent. There are certain grounds for fearing that that was just a small sample.

Numerous election monitors, especially those from abroad and others who attached themselves to them, repeatedly reproached Russian journalists for betraying the ideals of a free press, ranging from "lack of objectivity" to "selling out." They do not understand that it's possible with absolute sincerity to not want to live under Communists, and to do everything possible to keep that plague from ever returning to Russian soil. But the "drinking truce" that is customary for all normal Russians is over, and it has really stimulated the appetite. As before, the spoils are getting ready to be thrown out to both parties from Kremlin hallways, after first suffocating the victim under the rug. As Lord [Ingam], Margaret Thatcher's press secretary, once noted, "journalists and politicians live symbiotic lives. They feed on each other and therefore are absolutely predictable."

Back during the process of launching the election campaign, a clear attempt was made to "write off" the premier. In such cases it is generally not the custom

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to muddy things with arguments, and then—before the elections—was no time to indulge oneself in that sort of thing. Nonetheless, funeral rites were publicly read for the premier. Such a persuasive line of successors formed that he himself almost reconciled himself to his fate and only weakly fended them off, pretending to be deaf and dumb. Where are those who were standing in line now?

Here one can note as being extremely decent and timely the decision of Mr Chubays (whose contribution to the president's victory was more than substantial) to leave official politics. Anatoliy Borisovich is probably the most brilliant public official of the "postreform period." In order to achieve the set goal, he deliberately stopped at nothing and sacrificed his own reputation without hesitation. Today Mr. Chubays, who at one time was the battering ram of market reforms, has sacrificed his own political life. And it would be extremely strange if, having sacrificed himself, he started to try to gain political dividends from that sacrifice.

The premier's office, at least as of today, is no longer an object to be divided up. For the most prominent organizers of the victory, the office of head of the presidential administration has turned out to be a worthy goal. In this connection, the remarkably unanimous reading of Nikolay Yegorov's funeral rites has begun: the line of contenders to replace him that analysts have put together exceeds all known precedents. Messrs Yarov, Chubays, Filatov, Ilyushin, Korzhakov, and "on down the list" have already been declared. A little while after the process of reading the burial rites, because this was now a postelection situation, it was necessary to declare some sort of motives, for which the interested persons proved utterly unprepared. It appears that the commentators who were put into action had not been not given any information at all, and they made it all up themselves. The head of the administration was accused of being "the only one not to have contributed to the victory." So, everyone contributed, but he didn't contribute! So he must have held something back.

For a start, he drove away certain presidential analysts (despite the fact that the analysts themselves know nothing whatsoever about that). He worked with the regional heads of administrations without relying on "activists of the democratic parties and movements." What sort of activists and what sort of movements? Was that in the rural regions of southern Russia? Did he fail to mark them down as staves, or what?

So that is what the problem is. One has to assume that what is being referred to is the outstanding role of some sort of organization with some unpronounceable name such as OSVOD or OMSDON, whose feverish activity is little known outside of its own press center.

An interesting matter: it is suggested that these same activists from democratic organizations achieved their greatest success in Bashkiria, Tataria, Dagestan, etc., and precisely between the rounds of the election. In the first round, the president clearly lost there to Zyuganov, and in the second round he just as clearly won. And what is interesting is that an analysis of the voting results (see SEGODNYA for 6 July) shows that it was precisely there that the "third force" hardly went over to Boris Yeltsin at all.

In all seriousness, I shall venture to assert that the two-round voting procedure had a stunning and far-reaching administrative effect. After the first round it was possible to line up the heads of administration (one after another, say, according to the "vassal" principle) and to ask them a certain question. And if a given territory is gives in to the "prestige" of the local leader, you've got your results. If not, there is nothing for it. The "national" regions were the most subjected to such "tricks," and it was there that all the miracles of the voting were concentrated. In the rest of the oblasts and krays, including the difficult ones, to which the southern Russian regions belong, there were no miracles, and none were foreseen. On the other hand, it is there that one can see the obvious positive fruits of consistent, hard work, including work between the rounds: from reducing the gap to a minimum, up to and including victory in Rostov Oblast. Incidentally, in the second round the president won, overall, in the North Caucasus.

Generally speaking, the people who believe that work with regions, the establishment of a vertical line of presidential command, and the preparation of decisions and oversight over their implementation (which is, strictly speaking, the task of the presidential administrations are what is meant by "work with the activists of democratic organizations" are, most likely, simply sick.

Dividing the spoils of victory is a pleasant occupation. Dividing a defeat is simply impossible—it is always a common one. In trying to carve up the victory only for themselves while writing defeat off to certain others, the most loudmouthed victors risk going further than they wanted to.

Some of them, incidentally, have already done so. Respectable American publications have disseminated the sensational news: the elections in Russia were won by two American image-makers.

In the "anti-Yegorov" bunch, there is one matter that is not out in the open at all: Chechnya. People are reluctant to say it, but it is implied for knowing "democrats": he's

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associated with "power" policy, a "hawk." One reason they're reluctant to say it is that it's perfectly obvious that, if it were not for the power-oriented policy of the past six months, if the president had been dealing in June with post-Budennovsk shame and failure, the "Chechen" card would have been an unbeatable trump card in the hands of Mr Zyuganov.

They're reluctant to say it because what they are trying to do is to bring about a presidential "personnel decision," and not to gain the sympathies of the "democratic" elite. They understand that it would be hard to get the president to believe that it would have been better for the elections and for Russia to have repeats of the post-Budennovsk storming of Gudermas and Groznyy by Dudayev's fighters, instead of the capture of Bamut and the bringing of Yandarbiyev to his knees. And the president knows better than others that his sole consistent supporter in his hard line on Chechnya was always Nikolay Yegorov. Obviously the tough administrator who does not level his own political complaints will be needed by the president in a situation of confrontation in both Chechnya and the Kremlin.

Chechnya

It is now, after the elections, that a fundamentally new stage in the Chechen conflict is beginning. The separatists' leaders did not manage (or were unable) to take advantage of the pre-election situation and conclude an agreement on the best possible terms they could have gotten. Now they have one last chance: to "throw themselves down in front of Lebed," taking advantage of his new powers and the fact that his lack of involvement in Chechen affairs allows him to "save face." God forbid that they should succeed in doing that, but they would have to do it quickly. Only then would it be possible to preserve the illusion of a decent pacification.

Because talk about the withdrawal of troops without any sort of appropriate steps on the opposite side is just election-campaign talk. Russia will not withdraw from Chechnya today: that would take more manpower, money, blood and risk now than remaining there. The price of doing so, at the minimum, would be the explosion of the entire North Caucasus.

On the other hand, the army, especially under Lebed, can no longer be made, for a third time, to try to storm cities and settlements that have not surrendered to it. In principle, by June there were no purely military objectives left in Chechnya, and I do not think that anyone will allow any to reemerge. The only answer that can be given to the inappropriate stubbornness of the separatists is an extremely tough one. After which the question (for all intents and purposes, the question of the status of several mountain regions of Chechnya) will finally move to another plane—the police and political plane.

But the specific options for changing Chechen policy have the most direct bearing on the Kremlin's personnel decisions and on the status and powers of the new Security Council.

The 'Wolf Hound'

The status and powers of that agency in the political system are determined both by the fact of the existence of the "first popularly elected secretary of the Security Council," and by that secretary's personality. And neither factor allows him to exist in the governmental structure as any less than second person in the state. It is pointless to discuss this—it can simply be taken as a given parameter. How adequate an embodiment of this situation will be found is another matter.

When there was a hint about expanding the council's powers to the sphere of the government's jurisdiction, especially in matters of economic policy, a conflict immediately arose. Aleksandr Ivanovich may have the most diverse economic concepts that differ substantially from the views of the government, but today pushing those concepts through forcibly in no way appears functional in either substantive or practical terms.

In the current structures associated with the Kremlin, there is a mass of people with a vital stake in forcing a conflict between Messrs Lebed and Chernomyrdin, and ultimately between Lebed and the president. If Mr Lebed lasts in his present position until 2000 (roughly speaking), he will be unbeatable. A premature conflict would force him into the opposition, where for many people he could not be more dangerous than he is in the Kremlin. Moreover, that is the only realistic chance of politically destroying Mr Lebed, by driving him "to the left."

By restricting himself to the power-related set of issues, the secretary of the Security Council assumes responsibility only for the entire reform of the army, for putting down crime and corruption, and for cleaning up the law-enforcement agencies. And in doing so he would be consistently carrying out his own election program: the role of the "state-wolf hound" standing guard over the rules and laws that protect a free economy. Moving economic decisions and economic policy out onto a non-criminal, legal field is, in fact, a global economic task that is more fundamental than personal involvement in the process of making specific economic decisions. Even here the influence on any economic decisions would be enormous—but it would be the influence of a "wolf

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hound," and not of a participant in the administrative haggling.

The possibility of realizing such a division of functions depends not only on the general's tactfulness, but also on the government's ability to cope with its main task, or at least with a few key problems that would suffice, if not coped with, to blow up the economic situation as early as this fall.

The Government

The government's fate depends directly on whether it succeeds in putting state financial flows into at least some sort of order, and in refraining from a collapse of the budget. This in a situation in which the use of the well-known instrument of short-term government bonds for providing artificial respiration to the budget has turned into what is practically a paramount problem for the economy in its own right. Today it's either investments or short-term government bonds. There's no point in trying to describe in this commentary how it is possible to resolve the budgetary, financial and payments crisis. But it must be clearly recognized that no serious steps are possible here without a change in the structure of management of state finances (first and foremost, the establishment of a federal treasury and the concentration in its hands of complete information about state spending), and without appropriate personnel decisions. The questions of financial policy are unquestionably the government's questions, but if it fails to cope with them, they will cease to be the government's questions.

The possibility of an autumn financial, budgetary and banking crisis represents the main danger of the emergence of a political conflict whose course and consequences are fairly hard to predict. One can only surmise that there would inevitably be an explosion of all the tensions and contradictions in the new governmental structure, after which one could forget about the longed-for political stabilization for a long time to come.

A Divided Country?

A more general threat to political stability is considered to be the rigid division of the country into "reds" and "whites" that the election just held supposedly confirmed. In this connection, sweet coalition songs are being heard from various quarters, songs which by no means explain who has actually split with whom and who is supposed to consolidate with whom.

It should be recalled that the so-called division of the country was delineated along surprisingly clear lines: urban population-rural population, or north-south, which in principle is the same thing, since it is also related to the prevalence of either an urbanized or a rural population.

Let me repeat once more: the reason for the division in the country is perfectly simple: it lies in the Russian government's total powerlessness to carry out any sort of reform at all in the agrarian sector. As an upshot, we have a picture whereby the agrarians have been driven into a reservation from which they are trying to somehow buy themselves out in exchange for minimal loyalty. What goes on on that reservation, no one has known for a long time; all sorts of hypotheses are formulated with various degrees of scientific validity. Incidentally, from the standpoint of the villagers' personal well-being, the southern Russian villages can in no way be considered to be greatly impoverished. But they feel themselves to be outside the context of the changes taking place in the country. It would be hard to expect otherwise, when agrarian reform in our country was directed first by Mr Rutskoy and then by Mr Zaveryukha.

In reality, there is a suspicion that Russian agriculture is slowly but surely restructuring itself, and that it is doing so more strongly where regions are led by people who understand that any market reform can rely only on the strong. Reliance on the poor, wretched and weak was the Bolsheviks' card. And there is something surrealistic in seeing the post-Soviet landlords, who effectively control vast land holdings and have several grain elevators each, rushing around like beggars carrying red banners and fighting against a free market in land.

Agrarian reform that, unquestionably, is not "shock" reform, but is tough and consistently oriented toward regions and differentiated by regions—that is the first necessity that flows, in part, from the election results. As does the fact that "urban" democrats must not be sent to the countryside to face cannon fire, if someone really doesn't want to get a civil war going. A strong agrarian and regional elite that combines an innate conservatism with an understanding of the need for market modernization is not only the sole engine of agrarian change. In the new structure of the Russian government, it is the only basis for a real consolidation of Russia, as opposed to some sort of coalition governments with people who have successfully fed like parasites on the communist chimeras of the insulted part of the population.

Russia: Former Staff Chief on Chubays Appointment

964F3137A Moscow SEGODNYA in Russian 19 Jul 96 p 3

[Interview with N. Yegorov, by Mikhail Leontyev, under rubric "Interview": "Nikolay Yegorov: Krasnodar

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Kray 'Deserves a Mass': 'The person who will undertake acting in the present situation either has to be a "Kamikaze," or simply does not understand what is happening'"]

[FBIS Translated Text] **Nikolay Yegorov, former head of the RF President's Administration, who was reappointed as governor of Krasnodar Kray, has previously avoided any public statements in the mass media. He has characterized his current position in the following way: "Yegorov the state official has died. The public politician has appeared." It is in this new capacity that Mr. Yegorov has agreed to answer SEGODNYA's questions about his evaluation of the current economic and political situation in Russia.**

[Yegorov] I feel that we have to get rid of the euphoria of victory as quickly as possible. If we turn our attention to the economic situation, in my opinion the situation that is developing is very, very difficult. First of all, the considerable undercollection of taxes — something of the order of 75 trillion rubles. Secondly, the emission that has been carried out in recent months. Thirdly, the drop in industrial production: according to the indicators for June and July of last year, the slump was more than 8 percent. Fourthly, the large indebtedness with regard to payment of wages in the budgetary sphere: the deceived expectations of the voters who hope that these problems will be resolved. And something that will complicate the political situation very seriously is the fact that it will be necessary to have an election of the local authority and an election of the leaders of subjects of the Federation, and they will occur on an unfavorable information field. Inasmuch as, before the election of the president, almost all the mass media consolidated in supporting him. Today everyone is working in proportion to the coincidence or lack of coincidence of interests and views. The "consensus" has collapsed. There isn't any. One can assume a complication of the overall situation no later than this autumn.

The scheme will be the same one as last year, when the heads of the nine "selected" subjects of the Federation were elected. Nevertheless, all the electioneering work was built upon the premise that "everything that is good is to my credit, and everything that is bad came from 'the center.' It is guilty; it does not resolve the problems." Today that will occur in the acute competitive struggle, inasmuch as the KPRF [RF Communist Party] has defined for itself as a priority goal victory at the elections in the outlying areas. The Federation Council is supposed to include the newly elected 73 representatives of the local executive and legislative authority.

[Leontyev] Does there exist a danger that the Federation Council will be seized by the opposition forces?

[Yegorov] Definitely. The predominance there of Communists, in general leaders of leftist orientation, may fundamentally change the layout of the political forces. The statements that seem to me to be poorly thought out are the statements that if the State Duma behaves disobediently, it may be disbanded. With the present makeup of the Duma, I don't know whether this is bad or good, but it is possible to establish working relations and to achieve interaction. But if the election to the State Duma is held in this condition, that will end, I think, lamentably. The economy will dictate the choice.

[Leontyev] Do you see any possibility of avoiding a financial crisis?

[Yegorov] I think that in order to avoid a financial crisis it is necessary to develop a series of emergency economic measures. The fact of the matter is that, for the time being, one can discern in concealed form a crisis in the banking system, and the farther we go, the more clearly we shall discern that crisis. First Tveruniversalbank, and then a number of major banks... These banks provide services for the enterprises and they maintain the accounts for the local budgets. The state will be forced to assume the responsibility for the pledges made by those banks, and that will aggravate the state's already serious financial situation. Therefore it is necessary to discuss very attentively the situation that has currently developed. It seems to me that there will be problems with forming a government. The person who will undertake acting in the present situation either has to be a "Kamikaze," or simply does not understand what is happening.

[Leontyev] What is your attitude to the appointment of Anatoliy Chubays to your job?

[Yegorov] I don't think it's very proper to talk about one's successor. Let's wait and see. I cannot say anything bad about Chubays. That is one of my general rules. In addition, we have always had respectful relations with one another. I have absolutely no claims against Anatoliy Borisovich. Especially in the light of my new appointment — Krasnodar Kray "deserves a mass." And 45 years is no cause for despondency.

Russia: Yegorov Memo to Yeltsin on Finance Crisis

964F3137B Moscow SEGODNYA in Russian 17 July 96 p 3

[Memorandum by N. Yegorov to B. Yeltsin, under rubric "Document": "The Economic and Political Consequences of the Financial Crisis"]

[FBIS Translated Text] **The memorandum that is being published — a memorandum on the economic and political consequences of the financial crisis,**

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with an appendix listing the necessary actions to be taken in the immediate future — was submitted by Nikolay Yegorov to the president on the eve of his resignation. The president's reaction to the memorandum is unknown, but its content is, in our opinion, of independent interest irrespective of the personnel machinations in the Kremlin and the White House.

To the President of the Russian Federation, B. N. Yeltsin

The country's financial system is in a deep crisis. The failure to take adequate steps is threatening the country with economic and political catastrophe as early as September-October. In order to prevent that catastrophe it is necessary to carry out a series of rigidly coordinated emergency economic measures.

As has been shown by the results of the first half-year, the 1996 federal budget failed. The current collection rate on income is approximately 60 percent, and the current financing of expenses is approximately 70 percent. The situation is continuing to worsen. Any toughening up in the collection of taxes either will have no effect, or is fraught for the economy with destructive consequences which will completely exceed any temporary fiscal effect.

A deepening of the slump in industrial production began in June 1996 — the reduction in June was 8.3 percent as compared with June 1995. Of that amount, the reduction for major and medium-sized enterprises is 11 percent, and for machine-building, 20 percent. The volume of contract operations dropped by 14 percent, and the total volume of investments, by 20 percent.

The total indebtedness for wages and monetary salaries paid to military personnel during 1996 has not been changing and constitutes 30-33 trillion rubles (of which 9 trillion rubles is at the fault of the budgets at all levels).

Sources of the Crisis

Two-thirds of the Russian economy operates by using in economic turnover reciprocal offsets, instead of money. The use of reciprocal offsets (nonpayments) has become the basis of economic life. Enterprises and agencies of local administration, experiencing a very acute shortage of payment funds, create pseudomoney (offset rubles, promissory notes, etc.). A disguised form of monetary emission is the use of guarantees offered by RF Minfin [Ministry of Finance] for paying off the credit issued by commercial banks to the recipients of budgetary funds (chiefly in the form of promissory notes). A paradoxical situation has developed, in which the President and the Government rigidly limit themselves in monetary emission, but any enterprise or any administration can allow itself the unlimited emission of pseudomoney.

The uncontrollable processes of the emission of pseudomoney have led practically to the complete loss of the state's control of the execution of budgets and to the arising of multiple prices for one and the same commodity. All of this only paralyzes any accounting of the enterprise's activity, either statistical accounting or tax accounting, but it also makes practically senseless the nominal indicators of ruble inflation that reflect a small part of the economic turnover.

The main reason for the arising of parallel currencies is the fact that financial policy is completely divorced from real economic life.

The result of the rigid financial policy being carried out as an end in itself has been the very acute shortage of finance capital. A very important instrument of this policy is the "noninflationary financing of the budget" at any price, particularly through the market of state debt bonds.

The simultaneous strengthening of the rate of exchange of the ruble and the supporting of the high income yield in the market of GKO [state short-term bonds] assure a guaranteed profit that exceeds by many times the profitability of any other operations. The development of production in this situation is impossible.

The unjustifiably high income rate of the financial market is contrary to the principle of the normal market economy: equal profit for equal capital, irrespective of the spheres of its application. As a result, industrial capital degenerates, while finance capital becomes much more expensive than industrial. Hence there arises an illusory appearance of the wealth of the comparatively small banks and the poverty of the large-scale industrial enterprises.

We might note that, relative to the real dimensions of the largest Russian enterprises, all our largest banks can be considered to be small, with the exception perhaps of Sberbank or Vneshtorgbank...

Another reason for the degeneration of industrial capital is the extremely inadequate mechanism of taxation. The fantastically high tax pressure is undoubtedly the basic reason for the attempt to evade taxes. The inadequacy of the tax system, the universal nonpayments, the domination of monetary surrogates in circulation, the superprofitability of the financial market, and, as a result, the very acute shortage of finances, make investments in production absolutely impossible.

It is necessary to differentiate between the reduction of ineffective production entities and the total slump that has been caused by the disease of the financial system.

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Thus, the inertial development of the current financial situation is possible in two directions. The first: the total shutting down of enterprises and, as a result, a series of local riots that make the transition to a social explosion. The second: the even broader emission of peudorubles, the regionalization of monetary circulation. As a result, the practical falling away of the regions from the Center. Already the regional elites do not need anything from Moscow other than money. The disappearance of this tie means the creation of the economic conditions for the actual collapse of Russia.

In either instance the budgetary income will not be collected. Financing an increase in the budgetary deficit at the expense of the further emission of GKO is impossible with additional monetary emission. There is simply not enough money to pay off those GKO. Thus, the GKO is transformed from an instrument for combatting inflation into a source of inflation. An inflationary explosion will become inevitable.

Political Consequences

The collapse of the budget will give rise to the sharp dissatisfaction of all groups of recipients of funds from the budget. Their statements about the Government's collapse will be supported not only by the leftist majority in the Duma, but also by all the nongovernmental factions. There will be a redistribution of forces in the Duma. The Duma will change from a means for dismembering and breaking down the opposition into an instrument in the fight against power and for power. It does not appear to be possible to speak about the disbanding of the Duma under conditions of an open budgetary-financial crisis and the failure of governmental policy.

Practically speaking, instead of the breaking down of the opposition it is possible to revive it on a broad scale. One can already observe today the changeover from postelection confusion to noticeable animation in expectation of a future crisis.

The exhaustion of budgetary financing will speed up the actual separation of the regions that have been accelerating the emission of monetary surrogates. There will appear the practical possibility of converting those surrogates into legal local money.

The aggravation of the opposition of the strong regions to the weakening Center will be accelerated in the process of the gubernatorial election. The coincidence of the election campaign and the open phase of the crisis will convert the election into a war against the central power. New leaders — extremists — will come to power in the regions, supported by antipresidential and anti-Moscow moods. As compared with whom, most current members of the opposition will seem to be completely constructive.

The vertical line of power will be destroyed again. The transition of the crisis into its open phase is capable of destabilizing the entire current structure of power. If the President loses control of the local administrations, presidential power will be deprived of its basic support. Moreover, it will get as a powerful constitutional counterbalance an "anti-Moscow" Federation Council that is considerably more dangerous than the Duma.

The politically independent leaders in the present structure of power will be pushed into a struggle for power, and this cannot be hindered in any way by a Government that has lost control of the financial situation. A situation of political chaos is arising...

The catastrophe can be prevented by carrying out a series of emergency economic measures. These measures must be carried out quickly. A condition for their successful implementation is the creation of a tough economic team with adequate powers. Only that kind of Government can become in a critical situation a firm support for the presidential authority.

[Signed] N. D. Yegorov, head of the RF President's Administration

Program of Immediate Actions

1. Introduce order into the movement of budgetary funds.

Reorganize the RF Federal Treasury (FK). Concentrate in it all the budgetary financial flows. The FK must maintain records on the accounts of the budgetary organizations (first of all, the accounts of the federal ministries, state committees, committees, and other departments) and nonbudgetary funds, as well as the regional budgets. Ban the opening of accounts by agencies of FK in commercial banks and the placement in those banks of temporarily free funds. When the situation stabilizes and temporarily free budgetary funds appear, they must be placed only through RF TsB [Central Bank].

Consequence: the absolute reduction of the necessary borrowings in the GKO market, which will reduce the direct budgetary expenditures. The reduction of the income yield of GKO. The elimination of the "feeding trough" for a narrow group of individuals. An increase in the effectiveness and stability of the financial system.

2. Reduce the cost of servicing the state debt.

Convert state securities into the most reliable and least income-yielding instrument of the Russian financial market. Expand the sources of borrowing: increase

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foreign borrowings; expand the access of nonresidents to the GKO market; authorize the banks to form mandatory reserves (payments to the FOR [mandatory reserves fund] at the RF TsB) by means of state securities (abolishing Sberbank's privilege).

Consequence: The reduction of the income yield of GKO. The reorientation of banks is toward the providing of credit to the real economy. The improvement of Russia's credit rating.

3. Stop the emission of monetary surrogates.

Ban the use by the state of promissory notes in order to introduce order into the carrying out of reciprocal offsets.

Ban the emission of promissory notes by local agencies of authority.

Ban the guaranteeing of the liquidity of the promissory notes by various methods:

— the guaranteeing of the promissory notes by Minfin;

— the issuance of guarantees of prompt paying off of the promissory-note credit granted to the departments;

— the creation of emission centers under the federal departments and local agencies of authority.

Consequence: From the point of view of the fight against inflation, this is equivalent to a ban on the emission of "live" money. The possibility of stealing budgetary money is eliminated.

4. Carry out a tax reform.

Ease up on the tax pressure and change the tax structure. With the overall lowering of the level of taxation, increase the share of taxes on unearned income (taxes on real estate, use of mineral resources, license fees, etc.) and reduce the share of transactional taxes (NDS [value-added tax], sales taxes). Reduce the share of taxes on profit. Reform accounting. Employ the recalculation of reserves and expenditures. Authorize the free reduction of prices. Reduce the superhigh import duties and increase the volumes of the payable duties. Transfer the largest taxpayers to monitoring by the central apparatus of the GNS [state tax service]. During the transitional period, apply firm assignments to the largest taxpayers.

Consequence: Increase in the collection rate of taxes. The gradual resolution of the nonpayments problem. A wave of reduction in the cost of manufactured goods. Tax encouragement of economic growth. Partial improvement of the financial condition of the base branches.

5. Carry out all-Russian reciprocal offset.

The carrying out of a one-time offset among the major subjects of nonpayments (the budget, the Pension Fund, the YeES [European Economic Community] RAO, the "Gazprom" RAO, MPS [Ministry of Railroads], and certain others). The expansion of the circle of participants in the offset when technically possible.

Consequence: The identification of the net-debtors and the improvement of their financial condition. Reduction of the share of reciprocal offsets in the economy. Economic revival.

6. Monitoring the natural monopolies.

Reduce the domestic prices for the output and services of the natural monopolists, while simultaneously increasing the payments discipline. Abolish the dual-rate tariff in electrical energy engineering. Introduce differentiated tariffs for rail shipments depending on distance.

Consequence: The increased activity of production and the encouragement of export. Budgetary receipts will increase as a consequence of the increase in the production volumes. The monopolist enterprises will reduce the volumes of nonmonetary settlements (offsets) and will improve their financial condition. There will be a wave of decrease in production costs throughout the economy.

7. Encouragement of housing construction.

The creation of the Federal Agency for the Granting of Credit for Housing [FAZhK]. The entry of the FAZhK into the international financial market in order to attract financial resources. The granting of credit for housing construction for a narrow category of loan recipients (military personnel, young families). Amendment or enactment of laws regulating the real-estate market. Development of a mortgage market. Creation of competitive federal agencies similar to the FAZhK. Creation of a real-estate and land market.

Consequence: The reduction of social tension and the acceleration of the formation of a middle class. The encouragement of the building industry, the building-materials industry, and the related branches (timber, metallurgical, etc.). Financial stabilization.

8. Reorganization of the banking system.

Encouragement of bank mergers with the purpose of increasing their liquidity. Creation of a federal fund for insuring deposits. Banning of nonbank operations of commercial banks and operations with affiliated individuals (granting of credit to shareholders or managers; limitation of the investments by banks in shares; the administration by the enterprises of investment in real estate; etc.).

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Consequence: Increase in the liquidity of the banking system. Improvement of the international rating of Russian banks. Easing of the consequences of the banking crisis. Increase in the competitive capability of the economy.

9. Reform of the Ministry of Finance.

The subordination of the functioning of Minfin to the execution of treasury functions. The transfer to Minfin of departments linked with the guaranteeing of income paid into the budget (the customs service, the tax service, lotteries, the alcohol monopoly, tax police, currency control). The consolidation of the nonbudgetary funds into the RF budget and the transfer of the functions of collecting them to the tax service.

Consequence: Increase in the budget income. Establishment of order in the budgetary system. Reduction of administrative expenses.

The chief hindrance on the path of implementing this program is the infringement of the interests of the power groups that are receiving income from the unbalanced economy.

As a result of implementing the program:

— the mass of tax proceeds will increase;

— the budgetary deficit will decrease;

— the motivation of production will increase;

— production volumes will increase;

— the investment situation will improve;

— pricing will normalize;

— social tension will decrease;

— the financial condition of the economy will improve.

Russia: Climate for Upcoming Regional Elections

964F3071A Moscow MOSKOVSKIYE NOVOSTI in Russian 21-28 Jul 96 No 29, p 6

[Article by Anna Ostapchuk: "Will the 'Heartland' Choose the Center?"]

[FBIS Translated Text] The regional leaders feel offended. Many of them ensured the president's victory in their areas, but have found themselves excluded from participation in the power sharing.

After an outcome in the presidential elections, which was favorable for the Kremlin, a new reason for trying the nerves is maturing. On the day's agenda—the regional elections. Prior to December of 1996, 50 of the 89 heads of federation components are supposed to be elected, while, over the course of 1997, in most of the regions, the local representative organs will also be re-elected. The predictions are extremely pessimistic: it is highly likely that the communists will take revenge in these elections. The former head of the president's administration, Nikolay Yegorov, who recently held the position of governor of Krasnodar Kray, believes, for example, that this will be reflected outright in the Federation Council which will become just as much oppositional as the Duma. There may then arise in the country a system which is not even a diarchy, but rather, a triarchy: the regions, the parliament and the president. The budget mutual relations may become the reason for the conflict between the regions and the center.

Even now, it is obvious that the regional elections' results will depend to a large extent on whether or not the center will manage to work out a fine and balanced policy with respect to the regions. Some federation component leaders note that, up till now, their mutual relations with the center have been "one-sided." At the time of danger, appeals were made to them, but they have not been allowed to participate in the most vitally important matter of current political life—the formation of the cabinet of ministers.

"While forming the government, they are not turning to the regions," declares the head of Karelia, Viktor Stepanov. "Perhaps, they are asking Yuriy Luzhkov and, perhaps, they are consulting with Tatarstan.... Me, at least, they are not asking." Tatarstani President Mintimer Shaymiyev is "not complaining" about his lack of influence, however, even in his words, "this is not such a simple matter today—to recommend someone for the government." Eduard Rossel, even if optimistically, is also displaying the same disposition: "We elected the president and we gave him carte blanche, so let him decide who becomes part of the cabinet of ministers." Samara Governor Titov, as a member of [Russia Is] "Our Home," is even satisfied by the fact that Viktor Chernomyrdin will be nominated for the position of prime minister.

Thus, even after the elections, the center is continuing its former tactics: consulting with the influential regions and ignoring all the others.

Meanwhile, dissatisfaction is growing among most of the governors. So far, they have not only not gained from the victory of the party in power, but have lost something. Nikolay Yegorov, one of the first to leave his position in the Kremlin, served as a mediator between the president and the senators, ensuring continuous contacts between them. For the leaders of the regions, Anatoliy Chubays is, at the least, a "factor of uncertainty." Only Vladimir Yakovlev, the

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new governor of St. Petersburg, notes that, along with Bolshakov and Yarov, Chubays is properly representing his city's interests in the federal leadership. Others, even unshakable supporters of the president, either carefully characterize Chubays as a "leader of the economic reforms" and a "talented administrator" or they resort to reassuring conclusions of the type: "Chubays is a democrat, but what kind of democracy can there be without federalism?" (Shaymiyev). However, most of the governors believe that the relations between the president and the regions will not be simple under Chubays.

The leaders of the regions have long felt the need to establish a more perfect "channel" of communication between the head of state and themselves—without outside intermediaries. In Viktor Stepanov's opinion, the existing subdivisions (the Minnats [Ministry for Ethnic Affairs and Regional Policy], the administration for work with the territories in the president's administration and so on) duplicate each other's work to a large extent. He believes that all of them could be replaced by a single, but more efficient, structure. For example, a permanent council consisting of the heads of the regions' legislative and executive authorities—with the capability of direct access to the president.

In ignoring or taking into consideration the wishes of the regional leaders, Russia's leadership should remember that, on the threshold of the elections, a question is urgently facing them: how are they to win the love of their countrymen? And frequently, the response to it is inversely proportional to the loyalty to the center. The federal leaders' task is to see to it that the regional leaders do not have to suffer from a split political personality.

Judging by everything, the president understands this: the appointed governors of those regions, where Yeltsin lost to Zyuganov, no longer fear mass dismissals. In the opinion of Samara Governor Titov, the president "has enough political good sense not to begin firings." After all, all the current members of the SF [Federation Council], in whose regions elections are pending (and the "season" begins in September), either have already registered as candidates for heads of administrations or are preparing to do this in the near future. Whoever is dismissed today automatically rids himself tomorrow of his obligations with respect to the center and guarantees himself the position of governor on the basis of just anti-Moscow rhetoric alone.

However, just "political good sense" is clearly not enough for victory in the regions. In the fall, the federation components will encounter the most serious socio-economic problems. It is perfectly obvious that, by the end of summer, the money for wages and pensions will run out and a set of extraordinary economic measures will be required. However, the upcoming elections are limiting severely the freedom to maneuver. Whereas, in a normal situation, the center can control the regions with the help of credits, grants and subventions (to give or not to give), now, it has only one choice: to give and as much as possible.

Apparently, one more factor which will determine the outcome of the upcoming elections will be the strategy of the united opposition. The socio-economic situation itself will produce the first trump. Intelligent diplomacy may become the second. Here is how Karelia's leader, Viktor Stepanov, puts it:

"Practice shows that the people will vote for those whom they know. I did not leave the Communist Party and I am a member of the Union of Communists of Karelia, nevertheless, in the elections 2 years ago, I was supported by other organizations as well. I think that both the Communist Party and the party in power will be guided simply by known people who have no party affiliation.

Thus, the main task of the election campaign getting underway, both for the opposition and the authorities, consists of winning over to their side these same "people well known in the region." Surprises and the most unexpected alliances are possible here. The supporters of a strong presidential authority may unexpectedly show themselves to be adherents of regional independence. At the same time, there will probably be found people desiring to enlist the support of both the Kremlin and the Communist Party. And it may be that this will prove to be the most reliable path to success. It should be remembered that, in Irkutsk Oblast, Boris Yeltsin won thanks to the alliance of the local organization of the CPRF [Communist Party of the Russian Federation] with "Our Home." In this instance, the regional elections may serve the integration of moderate communists into the Russian establishment, while their pratical work in the upper house of the parliament will substantially smooth over the radicalism of even those governors who go there with a party card.

Russia: Communist Forces Seen Having Dim Future

964F3130A Moscow SEGODNYA in Russian 12 Jul 96 p 2

[Article by V. Khamrayev: "A Big Word—Coalition"]

[FBIS Translated Text] The term "coalition," having done its job during preelection fever and not at all affecting the Cabinet of Ministers, became the most widely used term in campaign speeches by party leaders

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of the entire political spectrum, without exception. The point is, of course, not that all those involved at election headquarters suddenly got the idea that "such teams must not be lost." The reason is the elections, but this time at the regional level, which began somewhere around the time of the presidential marathon.

That term has so far really applied only to the leftist opposition which has been making annual attempts at unification since 1992, emerging in the presidential elections as a unified bloc of national patriotic forces. As already known a congress of the People's Patriotic Union of Russia (NPSR) has been scheduled for 7 August, which, it is hoped by its organizers, will legally consolidate the ranks of former supporters of the "common candidate" within the framework of an officially registered movement.

It appears that preelection unanimity (or well-concealed differences) in the communo-patriotic camp, will no longer be the case. Supporters of the "common candidate" before presidential elections were holding on to each other exclusively on the basis of a "temporary truce." Patriots were satisfied with the campaign platform after Gennadiy Zyuganov reproduced all of the theses of the KPRF platform, which it then carried to the parliamentary elections after "purging" it of the words "socialism, "Soviet power," etc. That operation hurt the radical communists, but they nevertheless agitated "for Zyuganov."

The lost bid for the presidency, one must assume, is forcing the patriots to doubt the attractiveness of communist postulates. At any rate, Sergey Baburin, leader of the Russian All-People's Union, has already declared that "rejection of communist ideology and unwillingness to return to the past by most Russian citizens proved to be stronger than the hardships of their own unstable living conditions and dissatisfaction with existing authorities." In addition to that Mr. Baburin is no longer satisfied with the "hypertrophied role of KPRF [Communist Party of the Russian Federation] in the coalition."

Leaders of radical communists—RKRP [Russian Communist Workers' Party], RPK [Russian Party of Communists], and Trudovaya Rossiya believe unification to be possible, but they are leaving the final word up to the congresses and plenums of their parties. According to its leader, Trudovaya Rossiya has already determined its opinion regarding the new union which will be viable if it is created for the sake of future elections and not to help current leaders among communist patriots to join in the coalition government, the need for which is constantly being mentioned by Zyuganov and Baburin. At the same time Viktor Annilov presumes that a communist basis must be adopted in the coalition.

The position of KPRF appears to be grotesque. On one hand it is the most powerful association on the left and left-to-center. More than that, it would be impossible to find another political organization in the country, beside KPRF, which would meet the definition of a party. On the other hand, Mr. Zyuganov's "new" communists have already experienced their "hour of triumph" in December 1995 and the Zyuganovites are not destined to experience it again without allies. After the lost elections the allies, however, have every right to speak without embarrassment about the fact that what appeals to them most about KPRF "is the living accommodations." That is the infrastructure inherited from the Communist Party of the Soviet Union. In connection with that the Zyuganovites will inevitably experience some "drift" either in the direction of the national-patriotic idea, or back to the source "trinity"—Marxism-Leninism-Stalinism.

Prospects of a "rightist" coalition, however, as always, are rather hazy. By contrast with "leftists," the democrats are yet to take some serious steps toward unification. The alliance prior to presidential elections does not count—the rightists observed a "temporary truce" not for the sake of Yeltsin's victory, but for the defeat of Mr. Zyuganov.

With the plethora of names among "rightists" there is no one "full-fledged" political organization. Yabloko, manifesting the miracle of loyalty to a once-and-for-all selected idea, is condemned to never becoming a mass-scale party capable of "nailing together" a coalition. Russia is Our Home, which has far outstripped KPRF in its organizational abilities, is likewise incapable of creating a coalition. First of all because the "party in power" may lose all of its possibilities should its leader merely leave the "command post" in the vertical executive structure. Secondly, such a coalition, if it does form, will not be a union of equals, but a "club of followers of the NDR [Russia is Our Home]," in which the party in power will be the master, while all the others will play a secondary role. No democratic parties, no matter how few in number they are, need such a union for exactly the same reason that the patriots do not need that union with the exaggerated role which KPRF plays in it.

Still an understanding that a coalition is needed, without which they are condemned to suffer a fiasco in future elections, has finally crystalized among the democrats. So far, however, that realization is not reflected in the initial steps toward unification taken by some democratic leaders after the presidential campaign. Although

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Yegor Gaidar correctly observed that it is necessary to "hurry a lot" with unification, he has so far initiated negotiations only with leaders of those democratic movements which did not get into Duma in the 95 elections. Boris Fedorov and Sergey Shakhray, together with Ivan Rybkin, even though they did begin working on the creation of an All-Russian Democratic Union, did not concentrate at the same time on re-election of the Duma speaker.

It should also be noted that beside tactical pot-holes that are appearing as the democrats move toward unification, as a rule, because of basic lack of discipline, they are also facing a serious strategic obstacle, which is not being taken seriously today, but which will become decisive by the time of presidential elections in the year 2000. If the unified rightists manage to convince themselves that their main competitors in four years will again be the communists, then the recent appeal by presidential assistant Viktor Ilyushin to create a democratic coalition around the president's election headquarters, will be heeded. By 2000 it will become nothing other than "a bloc of people's democratic forces" with a "common candidate"—the leader of Russia is Our Home or someone appointed by the NDR. If the democratic coalition "thinks" to create an alternative candidacy (which is something many have been talking about since 1993) it should consider its main competitor to be the "party in power" as early as today.

Russia: Patriotic Union Structure Elaborated

964F3132A Moscow SEGODNYA in Russian 1 Aug 96 p 2

[Article by G. Cherkasov: "Organizational Committee of People's Patriotic Union of Russia Designates Central Organs of the Movement"]

[FBIS Translated Text]

The leading role of the Russian Federation Communist Party may be in doubt

Nikolay Ryzhkov, chairman of the organizational committee on preparations for the founding congress of the People's Patriotic Union of Russia (NPSR) movement scheduled for 7 August, yesterday spoke about the structure of the new coalition of general opposition. According to him the congress, which is the highest organ of the movement, will consist of the Coordination Council which includes 150 members with one individual from each of the 89 subjects of the Russian Federation as well as representatives from parties and associations belonging to NPSR. Mr. Ryzhkov indicated that delegates of the founding congress will have to elect not only the chairman of the movement, who will also become chairman of the Coordination Council, but also cochairmen—leaders of the largest parties belonging to NPSR—those candidates will be confirmed directly by the Coordination Council.

According to Nikolay Ryzhkov the composition of the founders of the new movement has been determined. Some 16 parties and public associations and more than 10 inter-regional and 27 regional associations expressed the wish to become founding fathers of NPSR. Among others, the editorial board of PRAVDA newspaper also wishes to become a co-founder of NPSR. Mr. Ryzhkov, however, complained that Greek co-owners of the newspaper, who stand for "a change in the present course," are opposed to that political decision. Beside legal bodies, it is most likely that co-founders of NPSR will also include physical bodies: Nikolay Ryzhkov himself, motion picture producer Stanislav Govorukhin, pilot cosmonaut Svetlana Savitskaya, dramatist Viktor Rozov, and others. The executive committee, led by its chairman, will be working on day-to-day issues facing the NPSR.

The organizational principles on which NPSR will be based are not new since practically all of the parties, movements, and long-term coalitions ever created in Russia have used this method. The beauty of the scheme consists of its absolute democracy, while its main shortcoming is its nonviable nature. The Coordination Council, consisting of almost 150 individuals, more than half of whom live outside of Moscow, can hardly be a viable agency as the bulk of the work will then have to be performed by the executive committee of the movement or by organizational structures of the party or parties which become the backbone of NPSR. It appears that this constitutes the main difficulty found during the initial formation of a new movement of general opposition.

The backbone of the preelection coalition supporting candidate Gennadiy Zyuganov in his bid for the presidency, which served as a prototype for NPSR, was the Communist Party of the Russian Federation (KPRF). A lion's share of all the work had to be performed specifically by various structures of the Communist Party. Other members of the coalition helped out either in certain specific sectors, or (as it was for the most part) they were accepted only so that Mr. Zyuganov would be able to say that he is supported by over 200 organizations. In principle, however, that scheme should have been used in the formation of the NPSR as well, since the KPRF to this day is the most powerful opposition party. Gennadiy Zyuganov, however, yesterday announced that "the Communist Party is not striving for a monopoly and will enter the movement as an equal

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among equals." That declaration, however, may be readily viewed as a polite gesture toward its political partners.

So far there are no formal signs in order to be able to state that the distribution of forces will undergo some serious changes. Many of those, however, who supported the candidacy of Gennadiy Zyuganov in the presidential elections, are openly voicing displeasure with the role that was played by KPRF in the course of the election campaign, and favor a scenario in which in the new movement the Communist Party would not have a monopolistic right to determine strategy and tactics. Those supporting a change in the status quo assume that the new movement should occupy a more "centrist" or "state-patriotic" positions and fear that more orthodox, strictly communist moods may triumph within the KPRF. Preservation of the leading role of the Communist Party in the NPSR may lead to a situation where the new movement will become "locked in" the old ideological norms and, correspondingly, will be unable to substantially expand its electorate which in turn will not lead to anything good. At the same time supporters of a change in the status quo have nothing against Mr. Zyuganov himself, providing he is prepared to revise his ideological principles somewhat.

Gennadiy Zyuganov himself is in a highly precarious position. On the one hand he cannot allow himself to lose the Communist Party since no one knows yet what is going to happen to the NPSR or whether it will be able to become a real political force. On the other hand, if the new movement does take off, it is capable of replacing KPRF as spokesman for the interests of all opposition-minded voters. At the plenum of the Central Committee of the KPRF, planned for 6 August, he will have to offer some explanations to his radically-minded followers and demonstrate his support of the KPRF program, while the following day, speaking at the NPSR founding congress, he will have to play the role of a general opposition leader. Gennadiy Zyuganov, however, could take a risk, relinquishing leadership of one of the structures, but the entire political career of the current KPRF leader indicates that he does not like taking risks.

Russia: Statute on Ministry of Internal Affairs

964F3100 Moscow ROSSIYSKAYA GAZETA in Russian 31 Jul 96 p 5

[Unattributed article; place and date not given: "Statute on the Ministry of Foreign Affairs of the Russian Federation"]

[FBIS Translated Text]

[Box]

Edict of the President of the Russian Federation on Approving the Statute on the Ministry of Internal Affairs of the Russian Federation

In order to improve the role of the Ministry of Internal Affairs of the Russian Federation in protecting the rights and liberties of the person and citizen, preserving law and order, and guaranteeing public security, and also to perfect the legal bases of its activities, I resolve:

1. To approve the attached Statute on the Ministry of Internal Affairs of the Russian Federation.

2. To allow the Ministry of Internal Affairs of the Russian Federation to have ten positions of deputy minister of internal affairs of the Russian Federation, including three first deputies and a collegium consisting of 19 persons.

3. The Government of the Russian Federation will in three months: introduce a proposal on the structure of the Ministry of Internal Affairs of the Russian Federation; bring its normative legal acts into correspondence with the present Decree.

President

of the Russian Federation
B. Yeltsin

Moscow, the Kremlin 18 July 1996 No. 1039

[End of Box]

I. General Provisions

1. The Ministry of Internal Affairs of the Russian Federation (MVD of Russia), called hereinafter the Ministry, is a federal agency of the executive branch, which implements within the limits of its authority state direction in the sphere of protection of the rights and liberties of the person and citizen, for preserving law and order, for guaranteeing public security and directly carrying out the basic activities of the internal affairs organs of the Russian Federation (hereafter called organs of internal affairs).

The Ministry is subordinate to the president of the Russian Federation in matters regarding his authority under the Constitution of the Russian Federation and through legislative acts of the Russian Federations, and is also subordinate to the Government of the Russian Federation.

2. The Ministry directs the system of organs of internal affairs, which includes: the ministries of internal affairs of the republics, the main directorates, directorates, and departments of internal affairs of the krays, oblasts, cities of federal status, autonomous districts, regions,

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cities, regions in cities, closed administrative-territorial formations, directorates (in the line: directorates, departments, branches) of internal affairs on rail, air, and water transport, directorates (or departments) at especially important and secret facilities, regional directorates for fighting organized crime, the State Firefighting Service, territorial organs of administration of institutions with special conditions of economic activity, district directorates for materials and equipment and military supply, educational and scientific research institutions, and other subdivisions, enterprises, institutions, and organizations created to carry out tasks assigned to organs of internal affairs and the internal troops.

The system of the Ministry also includes the internal troops, which consist of internal troop districts, formations, and troop units, military educational institutions, institutions for supporting the activities of the internal troops, and administrative organs of the internal troops.

The organs of internal affairs and the internal troops make up the system of the Ministry.

3. In its activities the Ministry follows the Constitution of the Russian Federation, the federal constitutional laws, federal laws, the decrees and directives of the president of the Russian Federation, the decrees and directives of the Government of the Russian Federation, the generally recognized principles and norms of international law, international treaties of the Russian Federation, and the present Statute.

4. The activity of the Ministry is carried out on the basis of principles of respect and observance of the rights and liberties of the person and citizen, lawfulness, humanism, a combination of spoken and unspoken methods and means of activity, cooperation with organs of local authority of the Russian Federation, organs of state authority of the subjects of the Russian Federation, organs of local self-government, public associations, and also the corresponding organs of foreign states.

5. The numerical size of the Ministry is approved by the president of the Russian Federation as proposed by the Government of the Russian Federation.

6. The Ministry is a juridical person, has a seal with a depiction of the State coat of arms of the Russian Federation with its own appellation, other seals, stamps, and forms necessary for its activities, and current, pay, currency, and other accounts in banks and other credit organizations.

II. Basic Tasks of the Ministry

7. The following are the basic tasks of the Ministry:

1) development and adoption within the limits of its authority of measures to protect the rights and liberties of the person and citizen, protection of objects regardless of form of ownership, guaranteeing public order and public security;

2) organization and implementation of measures to prevent and put a stop to crime and administrative infringements of law, discovery, exposure, and investigation of crimes;

3) guaranteeing the implementation of criminal punishments;

4) direction of organs of internal affairs and the internal troops with the aim of performing the tasks assigned to them and taking of measures to enhance their activities;

5) enhancement of the normative legal basis of the activities of organs of internal affairs and the internal troops, enhancement of the legality of their activities;

6) enhancement of work with personnel, their professional training, guaranteeing the legal and social protection of the workers and servicemen of the Ministry's system;

7) development and strengthening of the materials and equipment base of the organs of internal affairs and the internal troops.

III. Functions of the Ministry

8. The Ministry, in accordance with the legislation of the Russian Federation:

1) determines the main directions of the activity of the organs of internal affairs and the internal troops in protecting the rights and liberties of the person and citizen, protecting objects regardless of form of ownership, guaranteeing public order and public security, participates in developing and implementing federal special-purpose programs in the sphere of fighting crime;

2) analyzes the state of law and order and criminality, develops long-range and quick forecasts of the development of crime-causing situations and on this basis introduces by established procedure into organs of state authority of the Russian Federation and organs of state authority of subjects of the Russian Federation proposals for strengthening lawfulness, guaranteeing public order and public security, increasing the fight against crime, informs the public on these questions, organizes cooperation with the mass media;

3) guarantees that organs of internal affairs and the internal troops carry out federal constitutional laws, federal laws, edicts and directives of the president of the Russian Federation, decrees and directives of the Government of the Russian Federation, and also the laws and other normative legal acts of subjects of the

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Russian Federation accepted within the limits of their authority;

4) draws conclusions from the practice of application of Russian Federation legislation on matters relating to the authority of the Ministry, develops and by established procedure presents to the appropriate organs of state authority of the Russian Federation proposals on its enhancement, prepares drafts of normative legal acts of the Russian Federation on matters regarding the activities of organs of internal affairs and the internal troops, carries out normative regulation of its activities and renders the organs of internal affairs and internal troops practical and methodological assistance in organizing normative legal work, arranges the dissemination of legal knowledge;

5) participates, together with organs of state authority of the subjects of the Russian Federation, in developing and carrying out regional special programs in the sphere of protection of the rights and liberties of the person and citizen, the preservation of law and order, and crime fighting; in the development and achieving of understandings and agreements with executive organs of subjects of the Russian Federation on guaranteeing lawfulness, public order, public security, and on other matters provided for by the Constitution of the Russian Federation, federal constitutional laws, and federal laws;

6) organizes and directly carries out operational investigation and expert crime detection activities, production of inquiries, preliminary investigations in criminal affairs involving the authority of organs of internal affairs; provides for implementing measures for warning, discovery, and prevention of crimes, for making inspections and reviews of the financial and economic activities of enterprises, institutions, and organizations, regardless of form of ownership;

7) organizes and carries out investigation of persons who have committed crimes, who have hidden from organs of inquiry, investigation, or trial, who have evaded the serving of criminal sentences or callup for military service, missing or other persons, the identification of unidentified corpses, and also search for stolen goods;

8) carries out measures for fighting organized crime, corruption, illegal trading in weapons and narcotic substances, illegal armed formations;

9) participates in taking measures to fight terrorism and smuggling, for protecting the state borders of the Russian Federation, to guarantee the security of the Russian Federation and the security of representatives of foreign states while in the territory of the Russian Federation, to safeguard information that constitutes state secrets;

10) provides for the implementation of criminal sentences and administrative punishments, of decisions of the court on compulsory treatment of chronic alcoholics and drug addicts, for the containment of those suspected, charged, accused, convicted, those under arrest, and also their guarding, transport, and escort;

11) provides for the guarding of important state facilities, especially important and secret facilities, the property of juridical and physical persons by agreements, provides assistance to enterprises, institutions, and organizations regardless of form of ownership in developing measures to guarantee their material security, and also the personal security of their workers;

12) organizes the activities of organs of internal affairs for issuing (or cancelling) special permits (licenses) for engaging in kinds of activities or production or in work (rendering services) subject to licensing in the system of the Ministry, and also for monitoring the carrying out of these types of activities, production, or work (services);

13) directs the State Vehicle Inspectorate; organizes the accounting of highway transportation incidents and, within the limits of its authority, takes measures to prevent them; participates in developing rules, standards, and other normative measures in the sphere of guaranteeing traffic safety; organizes work connected with permits for means of vehicular transport and trailers, and also for drivers to be involved in highway traffic;

14) directs the State Firefighting Service, organizes work in preventing and extinguishing fires, and also coordinates the activities of other types of fire protection;

15) organizes the activities of organs of internal affairs involving matters of citizenship in the Russian Federation, freedom of movement, choice of place of residence and domicile within the Russian Federation, departure beyond the borders of the Russian Federation and entry into its territory, the legal status of foreign citizens and those without citizenship in the Russian Federation;

16) carries out immediate direction of the internal troops and also organs of internal affairs stationed in territories of members of the Commonwealth of Independent States leased by the Russian Federation and under its jurisdiction and directs organs of internal affairs in transportation, organs of internal affairs of closed administrative-territorial formations, and organs of internal affairs at especially important and secret facilities, regional crime-fighting directorates, territorial organs for administration of institutions with special conditions of economic activity, district directorates of materials and equipment and military supply, enterprises,

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institutions, and organizations subordinate to the Ministry; directs detachments of special-purpose militia, special rapid-response detachments, and special-purpose detachments;

17) participates in guaranteeing the legal conditions of emergency or martial law in the event of their being introduced in the territory of the Russian Federation or in individual locales, in carrying out measures for a unified state system of warning and elimination of emergency situations, and also in taking quarantine measures during epidemics and epizootics;

18) calls in the internal troops and organs of internal affairs outside the area where they are stationed and which they service to take urgent measures to rescue people, to guard unattended property, to guarantee public order during the recovery after major accidents, catastrophes, fires, natural disasters, mass disorder, and other emergency situations, and also when interregional and other special operations and measures are being carried out; accomplishes in such cases the operational control of forces and facilities of the organs of internal affairs and internal troops;

19) organizes the development and accomplishment of a set of measures to achieve mobilization tasks and measures for civil defense, for increasing the stability of operation of organs of internal affairs and the internal troops in wartime conditions and when emergency situations arise in peacetime;

20) participates in organizing territorial defense of the Russian Federation; organizes joint operations with the Armed Forces of the Russian Federation, other troops and military formations to carry out the defense of the Russian Federation;

21) prepares proposals for the president of the Russian Federation for determining the structure and stationing of the internal troops, produces by established procedure agreement with the General Staff of the Armed Forces of the Russian Federation on the location of the main types of arms subject to limitation (control) in accordance with the international treaties of the Russian Federation;

22) creates or takes part in creating by established procedure the appropriate organs of internal affairs and institutions of the system of the Ministry, districts, formations, and troop units of the internal troops;

23) implements, jointly with the organs of the executive branch of subjects of the Russian Federation, authority for the creation, organization, and elimination of subdivisions of organs of internal affairs maintained by the budget resources of subjects of the Russian Federation and local budgets;

24) develops standards of personnel strength and expenditures for maintaining subdivisions of the organs of internal affairs that are maintained by the budget resources of subjects of the Russian Federation and local budgets;

25) provides for order in the creation, reorganization, and elimination of subunits of the militia for public security, which protect the property of juridical and physical persons according to agreement, develops norms for their personnel strength and expenditures for their maintenance;

26) determines the procedure for employing actual and conventional designations in organs of internal affairs and the internal troops, and confers the conventional designations by an established procedure;

27) organizes within the Russian Federation special and troop transfers in the interests of organs of internal affairs and the internal troops, and also on the basis of governmental decisions and interdepartmental agreements in the interests of the appropriate federal executive organs, carries out work to develop the industrial rail transport of the Ministry system;

28) forms, conducts and uses federal accounts, banks of data for rapid reference, research, criminal, statistical, and other information, provides reference information service to organs of internal affairs and the internal troops and interested state agencies, organizes state statistics and statistics in the Ministry system, develops and refines systems of communications and automated administration of the Ministry;

29) directs the educational and scientific research institutions of the Ministry system, organizes and carries out scientific research, experimental design and planning and technological work, provides for the introduction of the achievements of science, technology, and practical experience in the activity of organs of internal affairs and the internal troops;

30) coordinates the work in the Ministry system on certification, standardization, weights and measures, invention, and efficiency promotion;

31) takes measures to guarantee the protection of life, health, honor, the dignity and property of officials and servicemen in the Ministry system and of persons who provide assistance to the organs of internal affairs and the internal troops from criminal infringements involving their performance of official obligations or public duties, and also to members of their families;

32) guarantees state protection of judges, people's assessors, prosecutors, investigators, bailiffs, and responsible officials of supervisory organs in the event of a threat

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of infringement on the life, health, and property of the indicated persons in connection with their activities, and also that of those close to them;

33) by agreement with the Russian Federation Federal Security Service, organizes a system for guaranteeing its own security;

34) jointly with organs of state authority of subjects of the Russian Federation, resolves questions of working with personnel, develops and carries out federal programs for personnel supply for organs of internal affairs and the internal troops, organizes training, retraining, and upgrading of qualifications of personnel, work in education and moral-psychological training and implementation of the protection of the rights and legal interests of officials, servicemen, and workers in the Ministry system;

35) carries out, by procedure established by the Ministry, training of personnel for corresponding organs of foreign states, and also for private detective and guard services, security services of enterprises, institutions, and organizations regardless of form of ownership;

36) develops and carries out a set of preventive, therapeutic, public health and resort treatment, sanitation, and rehabilitation measures directed toward the protection and strengthening of the health of officials, service personnel, workers, and retirees of the Ministry system and members of their families in peacetime and wartime, organizes activities of medical, public health and resort, and sanitary institutions and enterprises in commerce and public catering of the Ministry system, organizes veterinary support;

37) organizes materials and equipment and financial support of the subdivisions of the ministry central apparatus and the subordinate subdivisions, housing accommodation of officials and servicemen of the Ministry system, major construction of facilities erected by means of the maximum of capital investments of the Ministry and other federal executive agencies, organizes the carrying out of planning and exploratory work, exercises control over the use of buildings and facilities, their equipping and repair, takes measures to improve the housing and domestic support of officials and servicemen of the Ministry system;

38) carries out centralized provision of organs of internal affairs and the internal troops with combat and special equipment, means of communications and special coding equipment, special resources, arms, ammunition and other material and equipment resources, and also financial resources through the means of the federal budget and other funding sources, develops and strengthens the material base of the organs of internal affairs and the internal troops, organizes accounting of material and monetary resources and the monitoring of their use;

39) implements the right of ownership, use, and disposal (operational control) of federally owned stationary and movable property, carries out the alienation of facilities under the jurisdiction of the Ministry that have been set up or obtained through the federal budget and are under the operational control of the Ministry, and also the renting of property assigned to the Ministry, provides operational and technical servicing and guarding of assigned property to the extent of the resources allotted for this purpose;

40) organizes examination of incoming proposals, claims, and complaints of citizens, and also the publications and reports of the mass media regarding matters of the activities of the organs of internal affairs and the internal troops and makes appropriate decisions on them;

41) engages in publishing activities, including the publication of journals, bulletins, collections of normative legal acts, materials of conferences on questions of the activities of the organs of internal affairs and the internal troops, prepares television and radio programs;

42) concludes by established procedure international agreements of the Russian Federation, achieves cooperation with international organizations and the organizations of foreign states for the preservation of rights, sends to foreign states its representatives for achieving their authority with regard to the competence of the Ministry;

43) renders assistance within the limits of its authority to state agencies and also enterprises, institutions, and organizations regardless of their form of ownership and to public associations in achieving their rights and legal interests;

44) participates by established procedure in developing, concluding, and carrying out agreements on rates in the field in the capacity of representative of employers;

45) exercises other kinds of authority related to its competence.

IV. Leadership of the Ministry

9. The Ministry is headed by the minister of internal affairs of the Russian Federation (hereafter called the minister). The minister, the first deputy ministers, and deputy ministers are appointed to and relieved of the post by the president of the Russian Federation at the proposal of the chairman of the Government of the Russian Federation.

10. The minister:

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1) bears personal responsibility for the performance of tasks assigned to the Ministry and for the organs of internal affairs and the internal troops subordinate to him;

2) organizes the work of the Ministry, directs the activities of the organs of internal affairs and the internal troops;

3) establishes the scope of authority of his deputies and allocates their duties among them, establishes the authority of other officials in the Ministry system in terms of their independent decision regarding operational, organization and strength, personnel, financial, production and management and other matters related to the authority of the Ministry;

4) approves the table of authorized personnel for the central apparatus of the Ministry, the regulations concerning the main directorates, directorates, and other structural subdivisions of the central apparatus of the Ministry, and also those of the institutions under his jurisdiction, the standard regulations on the ministries of internal affairs, the main directorates, and directorates of the internal affairs of subjects of the Russian Federation;

5) approves the structure of the central apparatus of the Ministry, determines the standard tables of authorized personnel of organs, subdivisions, and institutions of the Ministry system, establishes the norms of personnel strength and the limits of resources allotted for these purposes, and also the internal routine of the operation of the Ministry;

6) issues, on the basis and in execution of the legislation of the Russian Federation and the present Statute, the orders, regulations, directions, instructions, rules, manuals, and other normative acts that must be implemented in the system of the Ministry, gives directives, including those made jointly or by agreement with the leaders of organs of state authority of the Russian Federation, organizes the monitoring of their implementation;

7) within the limits of the authority granted him, by established procedure, issues the normative legal acts required to be executed by executive agencies, executive agencies of the subjects of the Russian Federation, organs of local self-government, enterprises, institutions, and organizations regardless of form of ownership, public associations, officials, and citizens, approves standards, norms, and rules on matters referred by legislation of the Russian Federation to the authority of the Ministry;

8) by established procedure presents for the consideration of the president of the Russian Federation and the Government of the Russian Federation draft normative legal acts on matters of the organization and activities of the Ministry;

9) presents to the president of the Russian Federation proposals regarding the enlisting of additional personnel and resources of organs of internal affairs and the internal troops for guaranteeing public order, protection of the life, health, rights, and liberties of the person and citizen and property in the territory of the Russian Federation and in individual locales where a state of emergency has been introduced;

10) by procedure established by legislation of the Russian Federation and within the limits of his authority, approves lists of positions of rank-and-file and management personnel, military positions and the special and military ranks appropriate to these positions;

11) determines the list (nomenklatura) of positions in the system of the Ministry, the appointment to which and relief from which are accomplished by the leadership of the Ministry;

12) by procedure established by legislation of the Russian Federation, resolves questions of appointment to and dismissal from positions of ministers of internal affairs and chiefs of main directorates and directorates of internal affairs of subjects of the Russian Federation;

13) revokes orders and directives issued by directors of organs, subdivisions, and institutions of the Ministry system, commanders of internal troops, and his deputies, and also orders and directives of ministers of internal affairs, chiefs of main directorates and directorates of internal affairs of subjects of the Russian Federation that conflict with the legislation of the Russian Federation;

14) presents to the Government of the Russian Federation proposals on maximum strength of organs of internal affairs and the internal troops that are maintained by the resources of the federal budget and on the numerical strength and structure of the Ministry;

15) determines the procedure for creation, reorganization, and elimination of subunits of the militia for public security that carry out the protection of property of juridical and physical persons by agreements and also in organs of internal affairs in transport, in organs of internal affairs in closed administrative territorial formations, and in organs of internal affairs at especially important and secret facilities maintained by resources of the budgets of the subjects of the Russian Federation and by local budgets, establishes norms of the personnel strength of these subdivisions;

16) makes decisions on the creation of special-purpose subdivisions for performing tasks and duties assigned to organs of internal affairs and the internal troops,

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determines the procedure for creating and eliminating temporary structures;

17) determines the procedure and conditions for concluding contracts on time of service (military service) and for competitive appointments to positions;

18) sends officials and servicemen of the Ministry system on attached duty to organs of state authority of the Russian Federation, of enterprises, institutions, and organizations by a procedure and under conditions determined by the president of the Russian Federation;

19) awards primary special titles of intermediate and senior management personnel of organs of internal affairs and primary officers' military ranks, and also special ranks up to colonel of the militia, colonel of the internal service, colonel of justice and military titles up to and including colonel (or captain second rank), by procedure established by legislation of the Russian Federation makes presentations on the awarding of higher special and higher military ranks;

20) presents officials, servicemen, and workers of the Ministry system for the conferral of state awards of the Russian Federation;

21) by established procedure, institutes badges (awards) of the Ministry for awarding to officials, servicemen, and workers of the Ministry system, and citizens who have rendered assistance in the accomplishment of tasks assigned to the Ministry, by established procedure approves resolutions concerning these badges and their description, awards these persons with badges, certificates of honor, and in this respect makes use of other types of incentives as stipulated by normative legal acts;

22) by established procedure, presents proposals on the institution of decorations and insignia of rank and other official symbols of the Ministry system, and also approves by established procedure decorations in the Ministry system and their description;

23) has award and gift funds, including those for firearms and blade weapons, for making awards to officials, servicemen, and workers of the Ministry system, and also others who have rendered assistance in carrying out the tasks assigned to the Ministry;

24) makes full use of the types of disciplinary punishments established by legislation of the Russian Federation with respect to officials, servicemen, and workers of the Ministry system;

25) within the limits of his authority, dismisses from service (or military service) officials, servicemen, and workers of the Ministry system;

26) manages credits, including monetary resources, determines the norms and procedure for expenditure of financial resources;

27) establishes the norms of time for food rations for officials and servicemen of the Ministry system in the event of natural disasters and other emergency situations, and also when they are performing one-time urgent tasks;

28) represents the Ministry in dealings with organs of state authority of the Russian Federation, with enterprises, institutions, and organizations of the Russian Federation and of foreign states in the territory of the Russian Federation, within the limits of its authority conducts negotiations and, by established procedure, signs international treaties, agreements, and protocols on cooperation and collaboration on matters involving the competence of the Ministry;

29) in accordance with legislation of the Russian Federation, determines the procedure for concluding agreements on the Ministry's performance of work (rendering of services) for juridical and physical persons;

30) by procedure established by legislation of the Russian Federation, concludes agreements on rates in the field in the capacity of representative of employers;

31) exercises other authorized powers in accordance with legislation of the Russian Federation;

11. A collegium is formed in the Ministry which is made up of the minister (chairman of the collegium), the first deputy ministers, deputy ministers ex officio, and also supervisory officials and servicemen of the Ministry system. The overall number in the collegium is established by the president of the Russian Federation.

Members of the collegium of the Ministry, other than those included ex officio, are approved by the Government of the Russian Federation.

At its sessions, the collegium of the Ministry examines the most important questions of the activities of organs of internal affairs and the internal troops.

Decisions of the collegium are made by a majority of votes of its members, are drawn up as protocols, and are implemented by orders of the minister.

In case of differences between the minister and the collegium, the minister implements his decision and reports the differing opinions to the president of the Russian Federation and the government of the Russian Federation. Members of the collegium may also report their opinion to the president of the Russian Federation and the Government of the Russian Federation.

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Decisions made at joint sessions of the Ministry collegium and organs of state authority of the Russian Federation are drawn up as protocols and are implemented by order of the minister and the heads of the respective organs of state authority of the Russian Federation.

Russia: Decree Founds Vladimir MVD Legal Institute

964F3158A Moscow ROSSIYSKAYA GAZETA in Russian 1 Aug 96 p 5

[Text of Decree: "There Will Be a New Institute in Vladimir: Decree No. 818 of the Government of the Russian Federation, Moscow, on the Establishment of the Vladimir Juridical Institute of the Ministry of Interal Affairs of the Russian Federation"]

[FBIS Translated Text] For the purpose of the improvement of the training of highly skilled personnel for the agencies of internal affairs and the further development of the system of the professional education of the Ministry of Internal Affairs of the Russian Federation, the Government of the Russian Federation decrees:

1. Accept the proposal of the Ministry of Foreign Affairs coordinated with the State Committee of the Russian Federation for Higher Education, the Ministry of Finance of the Russian Federation, the Ministry of Economics of the Russian Federation, the Ministry of Justice of the Russian Federation, and the State Committee of the Russian Federation for the Management of State Property on the establishment of the Vladimir Juridical Institute of the Ministry of Internal Affairs of the Russian Federation on the basis of the Vladimir branch of the Ryazan Institute of Law and Economics of the Ministry of Internal Affairs of the Russian Federation.

2. The Ministry of Internal Affairs of the Russian Federation [should] carry out the necessary measures in the reorganization of the Vladimir branch of the Ryazan Institute of Law and Economics of the Ministry of Internal Affairs of the Russian Federation and the establishment of the Vladimir Juridical Institute of the Ministry of Internal Affairs of the Russian Federation.

3. The State Committee of the Russian Federation for the Management of State Property [should] in the established manner officially assign the federally owned assets of the reorganized Vladimir branch of the Ryazan Institute of Law and Economics of the Ministry of Internal Affairs of the Russian Federation to the Vladimir Juridical Institute of the Ministry of Internal Affairs of the Russian Federation with the right of operational management.

4. Specify that the Vladimir Juridical Institute of the Ministry of Internal Affairs of the Russian Federation is the legal successor of the Vladimir branch of the Ryazan Institute of Law and Economics of the Ministry of Internal Affairs of the Russian Federation.

5. Establish the Vladimir Juridical Institute of the Ministry of Internal Affairs of the Russian Federation within the limits of the personnel and budgetary appropriations foreseen in 1996 for the Ministry of Internal Affairs of the Russian Federation for the support of educational institutions.

[Signed] V. Chernomyrdin, chairman of the Government of the Russian Federation

Russia: Fedorov on Political, Economic Landscape

964E1931A Moscow INTERFAKS-AIF in Russian 8-14 Jul 96 No 28, pp 1, 3

[Interview with Boris Fedorov, conducted by Ivan Bogachev and Vladimir Krayniy, INTERFAKS-AIF correspondents: "Now the Most Interesting Part Begins"; date and place not given]

[FBIS Translated Text] **Boris Fedorov is well known — he was the minister of Finance in the Russian Goverament, and is now a deputy of the State Duma. He has not been noted on the political scene recently, but his not always indisputable opinions on events taking place are extremely interesting.**

[I-A] Boris Grigoryevich, the elections are over — how soon will the executive powers get down to making the amendments in the economic policy which were so much talked about on the eve of the elections?

[Fedorov] Let us start with the fact that we simply do not have a financial policy, we have only individual uncoordinated elements of it. A. Livshits, assistant to the President on economic matters, who distributes money for wages, is performing half of the functions of the minister of Finance. This is absurd, and I sympathize with him. As for the changes, it is enough to talk with the IMF missions. Before the elections, the "seven" gave them the assignment of not interfering in Russian affairs, in order not to heat up the situation, but now everything is starting.

[I-A] What is "everything," and how serious will this "everything" be?

[Fedorov] Just imagine, IMF representatives are now coming and saying that they could not even have conjectured how bad everything is in our country — we spent the entire annual deficit of the budget in the first six months. Our authorities will be forced to take certain measures to avoid creating an international scandal. If the IMF stops supplying us with money, it will not be simply a scandal — a most intense crisis will burst out.

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This means that the measures should be taken by at least July or August. But who will be taking these measures....

There is no clear-cut official assessment of the financial situation. We can only comprehend it in the eyes of A. Livshits. I think that the actual situation is very difficult. The budget, which I voted against, was passed in such a form that there will be a record low in tax collection as compared with all the preceding years. V. Artyukhov, director of Gosnalogsluzhba [State Tax Service], and V. Panskov, minister of Finance, thought up the paper credit and tax exemptions which completely messed up the budget. Someone has to answer for this. Naturally, from all these exemptions, 10 percent as a minimum will go into someone's pocket. I have banker friends who are very glad of this kind of policy. They went overboard with GKO [State Short-Term Bonds], and now they are a drag, and prices have gone up a bit. The yield of up to 100 percent annually has at least gone down, and it should be 50 percent, and the average loan term is not 4 months but 12. Otherwise all the foreign markets will be closed to us.

[I-A] Can a GKO be regarded as a "pyramid"? Can it crash?

[Fedorov] To a certain extent, it really is a state "pyramid." It will crash unless from now on the government periodically brings down the yield on the bonds. The question lies in what scope this "pyramid" may take. If you take the debt in percentages of the GDP, it is clear that it can just keep growing and growing. The biggest problem is not the absolute amount of it, but the effect on the country. But it cannot grow any further, because if you can get 100 percent in currency on this market, no fools will be found who will give credit to enterprises. The state squeezed them all out of the market. Consequently, there can be no growth in the economy. There can be no investments. In addition, the average borrowing term of 4 months makes the vulnerability of the budget too great. If no money is brought in to the next auction, or half as much money is brought in, then it must be printed, and inflation increased.

In my opinion, the state has acted extremely stupidly in taking on a debt at these interest rates. There should not be such a yield on the GKO as there is today.

[I-A] How do you assess the prospects for the GKO market up to the end of the year and how can the yield be reduced?

[Fedorov] It is a matter of technique. If I become minister of Finance tomorrow, then in two months the yield will be 50 percent annually. It can even be done right now, but then we cannot avoid numerous bankruptcies. We must reduce the "mountain" of GKO, and this means we must stop financing the expenditures of the budget. They can be reduced. Finally, we must put an end to stealing, for after all, any tax exemption is stealing. With foreign debt, with privatization — it is also stealing. It is a different situation, however, when the National Credit Bank hands over to the administration $150 million and 120 million in Ministry of Finance bonds for a pledge of 2 percent annually. According to my calculations, a minimum of a billion dollars, or even more, was actually stolen this year.

[I-A] Will Russia succeed in deferring payments on the foreign debt?

[Fedorov] In principle, we have advanced even somewhat more than I expected. If, however, the scandal with the IMF, of which I have already spoken, does take place, then no one will sign any agreements. Who will agree to restructure the debt, if we borrow from foreigners but ourselves give 100 percent annually in currency on the domestic market. In this case we will not let foreign banks in on it....

[I-A] When will the influx of foreign capital, which has been so much talked about, begin?

[Fedorov] It has actually already taken place. Russian stocks are still increasing, perhaps by about 10 percent, but everything will go down again later on. Everyone will wait to see what government and what policy there will be. Today, in my opinion, there is no economic policy. V. Kadannikov is not handling it, Ye. Yasin is not either, V. Panskov is in the hospital, and S. Dubinin, incidentally, is now in the hospital sometimes — it is quite difficult to establish when it will begin.

Potentially, only in New York are there people who are ready to throw $10-20 billion on our stock market. I often visit there, and I know the mood. Groups of investors come here every week. But they will not come to us until the future is clear for at least a couple of years. Real projects take a minimum of two years in the preparation.

[I-A] By the way, among the Eurobonds, which ones are to be issued, are there any prospects?

[Fedorov] Eurobonds were entered as far back as the last budget, but things are not moving. It is not very easy to go onto the international market with a serious loan. Who will buy? Belgian dentists or French peasants? They already bought once, before the revolution, and are still waiting. The real purchasers may be institutional investors, the same banks which so often come here under the guise of Russian firms and take part in speculations with the GKO. Of course, they get less than the ones who are inside the country, but nevertheless,

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they are already used to our high yields. It is natural that Western creditors who talk about issuing bonds will take a look at what they will yield: the LIBOR rate plus a few percent, in Russia — 100 percent. Naturally, all attempts to go onto the international market will stumble across this.

[I-A] How does the composition of the new government look to you?

[Fedorov] In principle, it makes no difference to me who the premier is, if he is a person who will act in accordance with certain rules. It is clear that the main candidate today is V. Chernomyrdin. V. Kadannikov would also be a standard candidate. I doubt that G. Yavlinskiy might be offered this post, since he "lists" so strongly toward the socialist side.

[I-A] Are you sure that the Duma will approve Chernomyrdin?

[Fedorov] Most likely — yes, he has much stronger chances than do A. Chubays, Ye. Gaydar or Sv. Fedorov. Everybody says that he has learned a great deal, and has become a different person. I am not sure that this is precisely so.

[I-A] And who might be minister of Finance?

[Fedorov] It's hard to say — of course, I might be better than anyone. (Laughs). In my opinion, V. Panskov is not a minister of Finance. He would let the tax inspectorate be singled out into a separate body.

[I-A] Who else must be changed?

[Fedorov] Vice-Premier A. Zaveryukhu. While he is in, there will be no restructuring of agriculture. Yu. Yarov — I personally have a normal attitude toward him, but there are problems. Social policy, pension reform, where the money goes, where it is speculated. It seems to me that there should be a clear-cut program of action in each sphere. If I were in the position I was last time, and I had a tax inspectorate and all the other departments, then naturally, I would bring in different people. Including substantial changes in the Ministry of Finance. The people have begun to play financial games that cost the country too dearly.

[I-A] What could you say about Sergey Dubinin?

[Fedorov] With respect to professionalism, he stands higher than V. Gerashchenko, because he is an economist and understands the kind of financial policy that the chairman of the TsB [Central Bank] needs to understand. I think that his appointment is a step in the right direction. Plus the fact that he has had practical experience in the Ministry of Finance. He has probably been the best chairman in the last 20 years. S. Dubinin lacks pure banking experience, perhaps, but all the same this is a lesser shortcoming than a lack of understanding of what a money and credit policy is. With respect to personnel policy, he might do better than he does. Essentially, he has permitted the same mistake that I made in 1990 — he changed almost no one from the old team (except for S. Aleksashenko, first deputy chairman of the TsB).

[I-A] Which of the communists or socialists might strengthen the government?

[Fedorov] At the ministerial level, to be perfectly frank, I don't know of any. All of them whom I have met are people of the "second or third echelon." I might work well with Sergey Glazyev.

[I-A] Have they proposed to you that you go into the government, and is this realistic?

[Fedorov] No, they have not proposed this. And I doubt that while V. Chernomyrdin is the premier, they will propose anything to me. Nevertheless, however, I am ready to cooperate with Chernomyrdin, there is simply no other way out. My position two-and-a-half years ago was somewhat unrealistic — I very much wanted everything to be decided as quickly as possible, but it's not happening that way.

[I-A] Are you lobbying in the Duma?

[Fedorov] No. Ask all the ministries and departments. Yes, the electors come to me, I can write some sort of letter, but I have never lobbied anyone. They all understood a long time ago that Fedorov will not go into the Ministry of Finance for anyone. The first six months of the year after leaving the government, they came to me. Now they don't come, but on the other hand I sleep peacefully.

[A-I] You have rather low activity as a deputy — why?

[Fedorov] Well what can I do? I came — I voted. I will, most probably, make a decision. I will not simply go to the Duma to get wages. Of course, I can sit and write up some kind of law. Well so what? Just as with the law on the Central Bank — I had to stand and prove to everyone in the course of the year, but they still ruined it. Now they have begun to violate it themselves. What kind of moral satisfaction do I get out of this? None.

[I-A] Can you trace lobbying with respect to the laws?

[Fedorov] You had best talk about this with those who have a faction and can have an influence on something. They did not even try to buy us when there were 15 of us — this is not very many for lobbying. I know of cases, however, when they went to specific deputies and proposed: for voting a certain way, there will be so

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much in it for you, for example, $1,000. The sums were not all that large, but they were something. They even dropped in on specific deputies at home. There was a case when they approached our deputy, the chairman of a subcommittee: "This law of yours is proceeding. Who is interested in it? Who will pay?"

[I-A] But after all, there are laws where this kind of lobbying can be traced?

[Fedorov] Most likely, this is the case with the law on precious metals and precious stones. In principle, when a type of law is passed which is interesting to broad industrial lobbies, bank and financial circles, someone will be obliged to lobby it.

[I-A] Is this Duma staff more efficient than the former one?

[Fedorov] No, rather, it is less efficient. Now there is an alternative — either they dissolve the Duma, or the communists become social-democrats. There are normal people among the communists who really do not want a revolution. If the deputies rebel strongly, they will be dissolved, and the average deputy, in contrast to me, values his seat, he wants to get an apartment in Moscow, 2.5 million in wages — also money. Most of the deputies do not want to go home under any conditions. This means that they might get by without dissolution. This is preferable, because the people are sick and tired of voting.

[I-A] What do you intend to do?

[Fedorov] If my services are not called for in the government before the autumn, and there are no major changes in the situation in the Duma, then I will most likely go to my electors and say that I cannot exert any influence on events, and I will leave, and deal with something more realistic. Because to sit for four years and add my vote to K. Borovyy or someone else — is a mockery. For the time being I don't know where I will go, but I have some ideas.

Russia: New Post-election Cycle in Economic Policy

964F3075A Moscow MOSKOVSKIYE NOVOSTI in Russian 21-28 Jul 96 No 29, pp 13,19

[Article by economist Leonid Grigoryev, under rubric "View": "The New Government's Old Pain"]

[FBIS Translated Text] The presidential election opened up a new cycle in the country's economic policy. A way out of the prolonged post-reform crisis is supposed to occur precisely during the period, inasmuch as no crisis is eternal.

It would seem to be time to take a new look at the economic mechanism that has actually developed and to think about whether we are dealing with its system crisis. It is necessary to attempt to define the depth of the gap between the "relatively normal" market conditions for the functioning of business and the ones that have actually developed — to determine whether it is possible to wait for self-regulation from that market, and standard market effects at the microlevel. Because the deepest paradox of the Russian transformation consists in the fact that macrostabilization basically was carried out according to the conventional international methods, but the reforms at the microlevel were chiefly a homemade unique invention, that is beyond the theory and practice in the West. Great Russian pride concerning the latter fact still leaves room for gnawing doubts — will it be easy (or quick) for those contrasting reforms at the macro- and microlevels to be transformed into a normal mechanism? This is like the situation with an implant — who assimilates whom.

It is possible to postpone this analysis until the winter and: a) the debates in the Duma about the execution of the 1996 budget and about the budget for 1997; b) the clarification of the situation in the polygon "collection of taxes — GKO [state short-term bonds] — tension in the banking sector —nonpayments, etc.); c) the appearance of billions of dollars of foreign investments that are "again promised" by one businessman.

We intend to begin by casting a rapid glance at the mechanism for accumulation in the post-reform economy. The stable export of raw-material goods and semifinished goods, the execution of the monetary program that was coordinated with the IMF, and the tangible deflationary effects apparently constitute that positive initial base from which we expect an increase in capital investments. What, then, is hampering them?

Risks

The consensus of investors, our own and foreign, is that the political, legal, tax, and commercial risks are too high in Russia. Is it possible to reduce them fundamentally and to reach acceptable conditions for investing? The answer is not too comforting: yes, but not immediately. The country's political risk, in the eyes of our compatriots, is customarily lower than in the eyes of foreign observers. The latter are inclined to trust the real stories of business success or the fulfillment of promises by those state figures to which they have become accustomed for the past several years. New promises by new people may postpone the making of decisions for the amount of time needed for analysis and "becoming accustomed." An example of consistency is provided by Hungary, which maintained a climate for foreign investors since the beginning of the 1990's. The result was 11 billion dollars of direct investments in

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1991-1995, including 4.5 billion in 1995, which is of an order greater than the investments in our economy, which is just are abundant in temptations.

The lowering of the political risks is not a reason, but a preliminary condition for direct investments. To a certain degree this also pertains to the legal risks — the indefiniteness concerning the right of ownership of the land, concerning the execution of contracts, concerning the level of taxes, etc. The slightest threat of loss of reputation for major companies in a question of corruption or the threat of a "raid" is again slowing down the projects and is affecting the reputation of our business abroad — it is easy to accuse it of absolutely anything by referring to the "domestic" practice.

For many projects, and especially large-scale and long-term ones, the postponement of the project by a year while the investor hopes for a decrease in the taxes for the duration of the project is a normal practice. For the investor, the delay is not of any decisive importance, but it constitutes a serious loss of tempo in development for our country. One example is the delays with a number of large-scale projects in the oil and gas industry. This also applies to a number of projects by international financial organizations.

If one calls things by their own names, Russia has lost the competition for foreign capital (which competition has simply been ignored by us) in the first half of the 1990's. Some of the capital went to Turkey and Eastern Europe, and even more (specially machine-building and pharmaceutical capital) went to China. Some of the investors have apparently been lost for a long time — until the massive economic upsurge in the entire region of the former CEMA, inasmuch as Western firms will be able for a definite period of time to satisfy the demand from their enterprises "around" Russia. Investments in the oil and gas industry in the world during these same years continued to grow in other regions of world, while we are still waiting for "our" 100 billion dollars.

It would seem that a domestic discussion of the need to provide access to foreign capital, and the conditions for its arrival, etc., has been terribly drawn out (five years!). It is necessary, finally, to make a decision about the most important thing — the guaranteeing of the normal rate of profit for the project for the duration of its life, the "screening" of major investments from our domestic squabbles. This is the normal practice in all the countries that want to attract foreign investments. A single set of conditions for accumulation for all investors is an important goal which probably has never been achieved anywhere in pure form. So, is it important for us to be the first in the world with regard to the purity of embodying a theory? Or is it necessary for us to get out a situation with a minus norm of net accumulation?

Lack of Completion of the Fight for Control

The theory and practice of the normal market economy presupposes that the effectiveness of the enterprises depends not only upon the competitive environment, but also upon the pressure exerted by their owners on the enterprise managers with the purpose of increasing the value of the firm. That pressure equalizes the pressure on the part of wages and precludes the managers' actions to "fill their own pocket" and the actions to the detriment of the long-term business interests. One of the problems in the current situation in the privatized economy is the lack of completion of the fight for control of the enterprises. The financial elite strengthens its positions not by means of investment and the expansion of capital, but by means of the strengthening of state assets, by the consolidation of control. The shares of most enterprises are relatively not liquid and have relatively small income yield, and that is normal for the first years after mass privatization. For the time being, the financial middlemen are still choosing for their benefit the difference between the privatization price and the market prices. Finally, the managers are not confident about their positions and attempt to privatize for their own benefit the current cash proceeds.

The examples of major successful investment projects usually reflect the situations in which it is clear specifically who is the owner, with that owner being confident of his ability to obtain profit from the project in the future. But at most enterprises the struggle among the managers, the remnants of ownership in the shares owned by the labor collectives, and the groups of private investors and foundations, and sometimes even the state, is continuing. Inasmuch as mass privatization precludes the possibility of the direct transferral of the assets to the effective owner, we are still maintaining a course aimed at the accelerated creation of mechanisms for the market redistribution of the shares. However, the laws of the secondary market are specific — most of the investors have a self-interest in obtaining a quick rate-of-exchange gain in the process of buying and selling shares. But if foreign investors attempt to take control, they come up against the fierce resistance of the actual (frequently extremely sharp-toothed) control groups. For the time being, the basic "quick" income in the privatized sector can be obtained either by means of controlling the cash proceeds, or by reselling the shares.

Until there is a consolidation of the owners' control, separate from the managers (or the managers completely take control over the enterprises), it is difficult to expect from the participants in that game any capital in-

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vestments and/or the risk of losing control while attracting major foreign investors. The conflict of interests, of course, will be resolved sooner or later. But in the meantime we have a conflict between the method and the goal — a strong development of the financial markets before the consolidation of control has occurred. That process delays the moment when the owner is ready to make an investment not in the struggle for control, and the manager does not "divert" funds to the side, but both have a self-interest in investments in the enterprise itself, in the long-term growth of its market value, dividends, etc. Control groups have found an antidote to the pressure on the part of the state, which is attempting to operate by means of rigid budgetary limitations: nonpayments, lobbying.

High Real Interest

The totality of risks in Russia interact in a complicated way with the level of income of the basic instrument of the market and assets. It is generally known that the high level of income yield of GKO is drawing away funds from investments in real assets. It is just as obvious that with a price of 15-20 percent for attracting resources, the banks cannot lower the level of their credit rates, and that immediately cuts off most of the long-term industrial investment projects. The situation of initial accumulation has created a radical warping in the expectations of profitability from investments. Rapid enrichment by vouchers and shares has provoked a lack of patience — "You'll get rich immediately" — and that psychological factor apparently also plays its negative role. The norm of 100 percent annual interest (in rubles, and also in dollars) is perceived as being normal. If one considers the decrease in inflation, the real interest has soared to 50 percent or more. We might note that in the developed country it does not go beyond the confines of plus or minus 3-4 percent. Accumulation in real long-term assets with this price of competitive speculative investments, and the income yield of state obligations or with this price of attracting capital is simply unrealistic.

The state proves to be in a complicated situation — the providing or guaranteeing of funds at a price below the market price is not yet transformed into a cheapening of long-term credit for the final recipient. Therefore there remains the temptation of beginning to invest directly from the budget. There are no funds there — in the first half of 1996 the financing of state investment simply stopped. It will be necessary to study the system of distribution of the risks and guarantees with long-term capital investments with state support. Obviously, everything will not be worked out very quickly, and it will be necessary to have an overall lowering of the income rate of the financial instruments expressed in physical terms, in order for the capital investments to get a chance of survival. Simultaneously it is necessary to strengthen the banking system that has developed: within the next few years there will be nowhere to get another one from. Certainly for it the stability and the trust of the population and the enterprises must be more important than short-time profitability. A repetition of the "pyramid" stories and the bank failures can drag out the formation of a normal systems of savings that guarantee long-term private investments.

Macroeconomics

Private production capital investments are a fragile element in economic life. Everything harms it. It is no accident that the theory of capital investments in the market economy is much more complicated, and the quality of forecasting investments is much worse than for most other indicators. One cannot take the attitude toward investments as something that is completely self-evident — it is necessary to have serious grounds for assuring that the economic agents along the chain "investor — banks —enterprise" have assumed the risk and can wait for years until the project repays itself. Therefore, the revival that is expected sooner or later in the economy does not guarantee the vast growth of production investments, even with an influx of foreign capital. This is a serious problem that will exist for a long time.

The structure of capital investments plays a tremendous role in their dynamics. Housing construction can be rather independent of the remaining components of accumulation — as one observes in our country. The major infrastructural projects in the world usually are supported by the central and/or local authorities. Here the state's tremendous role is preserved in direct form. Under our conditions, private capital will not quickly "pull up" the construction of major projects independently. Therefore the concept of the differentiation of branches and projects that has been promoted by the Ministry of Economics leaves sufficient space for private initiative, but does not remove from the state the responsibility for the accumulation process as a whole. Getting out of the crisis with the aid of accumulation is impossible without the state's assistance.

It is necessary to give warning about two very important aspects of reviving the investments, when that revival finally occurs. First, it is not a matter of indifference to the country about the specific branches in which the turning point toward growth will begin or specifically how the process of restoration of capital investments will occur. It is easy to imagine an upsurge in which foreign suppliers will be ready to ship in highly effective equipment. Without a serious industrial policy in com-

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bination with the strengthening of the financial system and an increase in domestic savings, we may encounter a situation in which the domestic investment demand will occur after our machine-building loses the ability to satisfy it immediately. That will become simply the result of the fact that the slump in this key branch may prove to be longer and deeper than the slump for the economy as a whole. The second concomitant effect of the economic upsurge may be expressed in the fact that the corresponding import of basic capital will lead to a worsening of the country's trade balance and, correspondingly, its balance of payments. The restoration of accumulation, with a demand for national output, is definitely not a rapid or easy process that will occur all by itself immediately after the end of the crisis.

Russia: Economic Crisis Said To Follow Budget Woes

964F3076A Moscow MOSKOVSKIYE NOVOSTI in Russian 21-28 Jul 96 No 29, p 14

[Article by Tatyana Don: "Who Will Make a Real Diagnosis?: A general economic crisis may occur in the autumn. We already have a budgetary crisis right now."]

[FBIS Translated Text] "The situation with the execution of the budget is more than alarming," Mikhail Zadornov, head of the Duma's Budget Committee, stated. "The government completely understands that, but society as a whole does not completely understand it."

According to operational data just received from the RF Accounting House, in the first half-year the budget failed to receive more than 10 percent of its income, including 24 trillion rubles of taxes. Only two-thirds of the taxes were collected in "live" money. The rest (of the order of 100 trillion rubles) was collected in the form of various surrogates: offsets, deferred payments, treasury tax exemptions (KNO). The number of the latter that were issued during the half-year is already as many as were issued during the entire last year. Arrears on payments into the budget have almost tripled since the beginning of the year, and the taxpayers' indebtedness as a whole comes to 69 percent of the volume of all the tax receipts, exceeding 60 trillion rubles (5.8 percent of the VVP [gross domestic product]). If that tendency continues, within the next two months the amount of arrears may exceed the volume of the tax receipts.

The added-value tax, the basic "supplier" of payments, was executed, according to Accounting House information, by 80 percent; the tax on profit, by 65 percent (as compared with the first half-year of 1995, the receipts from that tax dropped by half, whereas, according to Goskomstat [State Committee for Statistics] information, enterprise profit during the same period was reduced by one-fourth). The income tax is being collected poorly, because of the delays in payment of wages. Of the other taxes and assessments, there has been a low level of collection of payments for the use of natural resources — 74 percent; and license fees for the production, bottling, and storage of alcoholic products — 34 percent. True, by means of a change in the excise rates, it was possible to increase by a factor of 3-5 the excise fees on gas, automobile gasoline, and alcohol for the manufacture of beverages. At the same time the increase of the excise taxes on import and the preferential customs terms applied to the goods being imported from the CIS countries have led to a reduction of those excise fees by 30 percent. The situation with income was not corrected by the 5-trillion [ruble] profit collected from Tsentrobank [Central Bank] for 1994, that was transferred to the budget, or by the income from the sale of state reserves, that was increased by a factor of 5.2 (the sale of precious metals and stones has already covered the annual projections by a factor of 2.5).

The expenditure items in the budget are "suffering" not only because of the shortage of money, but also because of its uneven distribution. "With a large share of confidence one can say that by the end of the year many spheres will not receive any major budgetary support," the head of the Budget Committee stated. Practically 100-percent financing has been provided to agencies of the executive authority, the tax agencies, and national defense. Others have got less — even several protected items have been underfinanced by 30-50 percent. According to Zadornov, the local budgets have found themselves in an equally complicated situation. Of the 55 trillion rubles that were stipulated in the treasury for 1996, Russian regions received only 15 trillion during the half-year.

Despite the emphasis on wages in the expenditures, the budget's indebtedness with regard to payment constitutes 5 trillion rubles today, and, for the Pension Fund, more than 7 trillion rubles. When half the state finances are paid as wages, this no longer has anything to do with investments. During the half-year it was planned to finance the investment program at the level of 30 percent of the annual today, and it was possible to do so by only 13 percent (4.5 trillion rubles). The "flow" of foreign investments that had been promised prior to the election apparently did not come crashing down on the Russian economy. The share of Western investments currently constitutes something of the order of 7 percent, and therefore even their increase by a factor of 2 or 3, according to Mikhail Zadornov, will scarcely be capable of compensating for the continuing reduction in

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the domestic investments and, even moreso, is incapable of "breaking the tendency." "Analysis indicates that it is impossible to count on a major breakthrough in the investment sphere in the next half-year, and that means that there will not been any economic growth for at least a year."

The situation in the second half-year is being aggravated by the fact that in autumn the payment is due on the six-month GKO [state short-term bonds] that were issued during the spring, when their income yield reads the peak (12-14 percent a month), as well as the paying off of the promissory-note credit that was taken under Minfin [Ministry of Finance] from the commercial banks. That is, a third of the budget — 100-130 trillion rubles — must be used to service the domestic debt. A situation that requires am immediate decision is the situation with the shipping in of goods to the northern territories: today 7 territories out of 10 have been financed at the level of 22-28 percent.

"For all of us, it is important right now to understand the real economic situation and to make a real diagnosis," Mikhail Zadornov said. In his opinion, the economic policy is in need of serious adjustment, but in order to "survive until the spring," it is necessary to carry out a number of measures within the next month. As first-priority steps it is necessary to undertake measures to reduce the income yield of the GKO and to reduce the borrowing in that market (the government has already required Minfin to bring the income yield of the short-term GKO to 40 percent). That means that the basic source for financing the budget deficit for the state will be closed. It is necessary to review the decisions concerning the granting of tax benefits that were made in the past year or year and a half. "These two decisions are linked with the government's political will," Zadornov remarked. It is necessary to resolve the problem of "pseudo-money," primarily by limiting the issuance of KNO, and to begin the real carrying out of the bankruptcy procedures of enterprises and banks. According to the head of the Budget Committee, the export-import and customs policy with the CIS countries is in serious need of adjustment. As for the problems in the social sphere, "the contrast between the capabilities of the state treasury and people's expectations may be a serious source of tension in society," Mikhail Zadornov stated.

Russia: 'Foros' Holds Conference on Shadow Economy

964F3116A Moscow SEGODNYA in Russian 11 Jul 96 p 3

[Article by Yuliya Latynina, under rubric "Conference": "The MVD Reminds Us that Christ Chased the Representatives of the Shadow Economy Out of the Temple: The 'Chechen Promissory Notes' May Soon Take the Place of the 'Chechen Letters of Advice'"]

[FBIS Translated Text] Speaking at a conference that was held early this week, that was organized by the "Foros" Foundation, and that was devoted to the shadow economy, Vladimir Ispravnikov, vice-president of the Free Economic Society, divided the shadow sector into three parts: the strictly criminal elements; people engaged in the shadow economy; and hired workers (which, incidentally, is identical to the state structure: the authority, entrepreneurs, and workers). "The first group engages in appropriating its already substantial income and has a self-interest in preserving the status quo, and the second group engages in production and has a self-interest in a change in the existing system," the former chairman of the Higher Economic Council stated.

Vladimir Ispravnikov defined the volume of "shady business" as 40-50 percent of the GDP [gross domestic product', which, incidentally, caused bewilderment on the part of Goskomstat [State Statistics Committee] deputy chairman Vladimir Sokolin: his department is content with a figure of 20-25 percent. As medicine to cure the shadow economy, Mr. Ispravnikov recommended tax reform, the separation of the sheep from the goats (that is, the bandits from the "peasants"), and the creation of a special investment zone in the center of Russia.

Incidentally, judging by the statements made by FSB [Federal Security Service] and MVD associates who were present at the conference, the people in uniform are nowhere near to calling the 30 million persons who are participating in shady production, as anything other than "criminals." Colonel Mordovets, representative of the Main Administration for Economic Crimes, reported that 212,000 such crimes had been committed in Russia as a whole in 1995. The sphere that is most attractive is the credit and finance sphere, where 139 billion rubles were stolen in 1995. There has been an increase in the attractiveness of hucksterism, swindling with credit cards, and the sale of Russian fishing wealth; gold continues to be eternally desired. For example, 90 groups that obtained licenses for work in gold-bearing Magadan turned over in 1995 to the state 43.2 grams per person, at a time when the average artel production is 10-12 kilograms per person.

Vladimir Sergeyev, of the FSB Administration for Economic Counterinteligence, especially emphasized in his statement the problem of bogus promissory notes, which problem in the near future may take the place vacated by the "Chechen letters of advice." The FSB has

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already encountered thefts totaling hundreds of billions of dollars.

After the statement made by Boris Nolotskiy, deputy chief of a laboratory at the MVD NII [scientific-research institute], who proposed introducing the "presumption of guilt" for "suspicious operations," and also reminded the audience that Christ chased representatives of the shadow economy out of the temple, Sergey Glazyev took the podium.

The crux of the statement made by Gaydar's former comrade in arms was that a fish starts rotting at the head. After characterizing the auctions of GKO [state short-term bonds] as a "mechanism of permanent embezzlement of public funds," and guaranteed credit as "a legal form for appropriating money from the budget," Mr. Glazyev reminded his listeners that our economic system has been submerged into a "quasi-Colombian state." The brilliantly drawn picture evokes only one question: why, if in the situation that has developed "the state is to blame first of all," does Mr. Glazyev propose healing the disease by state interference in the economy?

Russia: Designer on New High-Speed Civilian Craft

964F3078 Moscow MOSKOVSKIYE NOVOSTI in Russian 21-28 Jul 96 No 29, p 23

[Article by Vladimir Ionov: "Between Water and Sky"; "Conversion"; First sentence is editor's lead.]

[FBIS Translated Text] The civilian vessel "Spasatel", which can move over the water at the speed of an airplane, was developed on the basis of the "Lun'" missile-carrying surface-effect craft.

These were stunning films. First the science programs announcer on Japanese television announced that on the threshold of the 21st century, the Land of the Rising Sun was making great advances toward unprecedented speeds on the water, and something between a raft and a hydroplane appeared on the screen. Revving its motor loudly, the craft did indeed pick up speed quickly, until it separated completely from the water, but then shook so much that the pilot quickly eased back on the rpm. Then Germany demonstrated something similar. Its two-seater vessel, reminiscent of a broad-winged seaplane, sat on the water and rose over it with much better stability than the Japanese one, and the announcer solemnly declared: "200 km per hour—here it is, the speed of the third millennium!"

Then suddenly the diverting films on color television were replaced by a black-and-white image, and everything that had been shown earlier became a toy in comparison with the monster which raced in a cloud of spray over the stormy Caspian Sea. Now we were in Russia, no longer in the 90s but the 60s. Tests were under way on the "Lun'" surface-effect missile-carrying vessel, capable of taking on hundreds of tons of combat gear and carrying it at speeds of up to 500 km an hour!

For thirty years the films chronicling the tests of the Russian surface-effect vessels were classified, as was the whole subject of developments at the Nizhegorod Central Hydrofoil Design Bureau (TsKB SPK) imeni Rostislav Alekseyev. Today they are being shown at international exhibitions and on television in many countries, in an attempt to draw attention to the unique transport systems and to find investments for their construction.

"And have you managed to interest anyone," I asked the General Director of the TsKB SPK, Igor Vasilevskiy.

[Vasilevskiy] The Americans showed interest in large-capacity surface-effect vessels after the well-known "Operation Desert Storm." In general they have long been following these developments, at one time using earth satellites to monitor our tests on the Caspian. They even "decoded" the letters "KM" on the side of the vessel as "Caspian Monster," although in fact they simply meant "mockup vessel." During the Iraq-Kuwait conflict the Americans realized that even with an armada of aircraft carriers and military transport aviation, it was still difficult to move large military formations. Their experts, among whom was the present Secretary of Defense Mr. Perry, visited Nizhnegorod, and viewed flights of the "Orlenok" amphibious assault surface effect craft in the Caspian. They wanted to cooperate with us to develop a craft with flight mass of up to five thousand tons. That is a full heavyweight system. And it can move at a speed of up to 500 km an hour, not only over smooth water surface, but even over seas up to category five, over shoals and sand, snow and broken ice. In addition like an amphibian it is capable of emerging from the water onto a low-lying shore without any moorings.

[Ionov] So what was the upshot of their interest? Did America shower investments on you?

[Vasilevskiy] They chose a different way. Taking advantage of Russia's economic problems and the fact that surface-effect vessel matters here are financed on the left-over principle, the Americans decided to arrange a competition for experts possessing the corresponding scientific potential, in order words to buy them up for a song. To Russia's credit, she was able to protect her own interests and did not cooperate. It appears that the U.S. went to specialists from other countries. Work is now being done on surface-effect vessels by Germany, Japan, and China, although the achievements there are still very

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modest, at the level of models. In Russia practical work began under the supervision of Rostislav Yevgenyevich Alekseyev in the early 60s, and now we are 15 years ahead of the other countries.

But it is our misfortune that owing to familiar circumstances this field was immediately classified, and from the start surface-effect vessels were developed for the armed forces, so that we have the "Lun'" missile carrier, the "Orlenok" amphibious assault transport craft, and the "Strizh" training vessel, and only in recent years developed an eight-seater surface-effect craft for commercial purposes, the "Volga-2." Its first lot is now being built by the Nizhegorod "Sokol" plant. Last year we showed this craft at an international exhibition in Malaysia. It made a strong impression there not only because it moved at a speed of 140 km per hour, which was impossible for other types of water transport. Visitors to the exhibition also quickly appreciated other merits of the "Volga" such as its all-weather capability and wide operating range. It doesn't care where it goes, in the sea or on small rivers. Nor are dams a barrier to the craft—it easily flies over them.

[Ionov] So is this truly the transport of the 21st century?

[Vasilevskiy] In many parameters, yes. These include speed, safety of movement, economy and ecological friendliness. The surface-effect craft does not raise waves which damage the shore, it does not need the deep waters of ship navigation, and because of the great difference in speeds it easily avoids other vessels or simply "jumps over" them. Finally, while it moves at aircraft speeds, the craft is always in the airfield, so to speak, and can land at any minute. Over a range of up to 2000 km it is more economical than any aircraft, if only because it does not require the development of an expensive infrastructure, such as landing strips. What is more, the surface-effect vessel has more sophisticated aerodynamics and is capable of taking on larger cargoes than the most modern aircraft. Put it all together and you get truly the most efficient type of transport. But will it supplant the others, I don't know. Most likely not. Just as our hydrofoil craft, which go three times as fast as conventional motor ships, did not force out the "trams," the cruise liners or the pleasure craft. There is room for all. Including for those that go at higher speeds.

Understanding this, we continue to work to improve our hydrofoil craft, although it is believed that their limit is 120 km an hour, and in this sense our other vessels, which use an air cushion, would appear to be more promising. Owing to their specially shaped bottom these craft move over the water as if on an air bubble and because of the low resistance can develop speeds of up to 200 or more km per hour. But the flat bottom also brings some inconveniences. If there is turbulence on the water, travel on the "cushion" will be less comfortable than on a hydrofoil, whether it is under the water and even more if it is gliding over the water.

[Ionov] Does that mean that even here the surface-effect craft has no equal, and has the best future?

[Vasilevskiy] Future yes. And one future is associated with the "Spasatel," which is based on the "Lun'" missile carrier and is now under construction at the Nizhegorod "Volga" plant. This is an enormous craft, capable of carrying 500 persons and special equipment, in particular a module for rescuing the crews of sunken submarines. The Spasatel has no equal in performing specific operations. It moves at the speed of a seaplane, but the latter can only drop life rafts into an accident area, which as a rule does not help much, especially in cold water. Once we tested this fully on ourselves in the Caspian. The water there is not icy, but we were rescued only by a miracle, when a raft was thrown right on us by a wave. The surface-effect craft can land right at the accident site and with its enormous wings shelter it from steep seas. And it is then possible to drop boats with outboard motors into the calm water and collect the victims, whatever condition they may be in, and render the necessary assistance, because the vessel will have a well-equipped hospital with 150 beds. The range of the "Spasatel" is 2000 km, which it can cover in just four hours. And even if all the fuel is used up, the craft can remain for days at the accident scene until the arrival of a refueling vessel, but in the meantime the victims will be safe and warm.

This craft has been under construction for several years now as money came in. Now it is in the completion stage, which means that in the foreseeable future we will be able to demonstrate it in action. There is no need to wait for a major disaster for this; standard exercises can be set up. But a demonstration of the "Spasatel's" capabilities is important in order to show the world community the level at which it is possible to build a global rescue system for the World Ocean. According to our calculations, the waters of the World Ocean can be broken down into twenty zones, for each of which a pair of surface-effect craft with crews would suffice, so that one was always in operational readiness while the other awaited the next alarm or was in preventive maintenance.

Of course creating such a system is feasible only by combining the resources of several countries—a large surface-effect craft will cost on the order of 60 million dollars—so now we are "beating a path" to the UN. We hope for support for this project, since mankind right now has no more reliable method for rescuing people

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who have suffered a disaster in the World Ocean, and they occur every day, costing thousands of lives.

So there is a future for the surface-effect craft. To bad there is no present. Commercial craft could be purchased right now. They could go to the Mediterranean and especially to Southeast Asia. Australia is showing great interest. And not only in the surface-effect craft, but also in hydrofoil vessels, air-cushion vessels, and amphibious transport platforms, which also have a great future, because amphibious transport platforms can carry a cargo of 250-300 tons at a speed of 250 km per hour and can also move out of the water. The hitch is that the buyer says "Give us a ship" and we say "Give us the money to build it." But in the world market no one buys a pig in a poke, so the cycle continues. The same happens in the domestic market. A country with such great water expanses and boundless spaces is now building just five or six high-speed vessels. And the system of high-speed navigation developed at the end of the 50s now is practically all torn down, and the vessels sold for a song. China alone bought up around 500 "Meteors" and they cost her a maximum of 250 thousand dollars apiece, while building a new one costs six times as much . . .

The windows of Igor Mikhaylovich Vasilevskiy's office look out on the Volga. Nearly dead just last year, now it has revived to the point where Volga area residents are already protesting against the closure of navigation at Nizhnyy even for a few nighttime hours. And not only white liners with foreign tourists move over it, but also hard-working tugs and dry-cargo steamers. "Rakety" shoot by at full speed. This means that in a little while it will again be time to move from the Central Design Bureau to the calm waters of the Gorky reservoir for testing. This pleases the general director, for to his designers, movement is life. And movement at high speed between water and sky is life lived to the fullest.

Russia: Law on Additions, Changes to Criminal Code

964F3173A Moscow ROSSIYSKAYA GAZETA in Russian 3 Aug 96 p 4

[Law, on page "Russian Federation, Federal Laws": "Making of Amendments and Additions to the RSFSR Code on Administrative Offenses, the RSFSR Criminal Code, and the RSFSR Criminal Proceedings Code," adopted by the State Duma on 5 July 1996]

[FBIS Translated Text] Article 1. In RSFSR Code on Administrative Offenses (VEDOMOSTI VERKHOVNOGO SOVETA RSFSR, 1984, No. 27, item 909; 1985, No. 9, item 306; No. 40, item 1398; 1986, o. 6, item 176; No. 23, item 638; No.33, item 919; 1987, No. 7, item 201; No. 23, item 800; No. 24, item 839; No. 27, item 961; 1988, No. 12, item 341; No. 14, item 397; No. 31, item 1005; No. 48, item 1529; 1989, No. 10, item 246; No. 15, item 369; No. 50, item 1477; 1990, No. 1, item 3; No. 10, item 287; VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV RSFSR I VERKHOVNOGO SOVETA RSFSR, 1990, No. 21, item 232; 1991, No. 15, item 494; 1992, No. 3, item 86; VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV ROSSIYSKOY FEDERATSII I VERKHOVNOGO SOVETA ROSSIYSKOY FEDERATSII, 1992, No. 16, item 838; No. 17, item 894; 1993, No. 3, item 97; No. 32, item 1231; No. 33, item 1313; SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, 1995, No. 5, item 346; No. 6, item 453; No. 11, item 939; No. 18, item 1594; No. 26, item 2397; No. 30, items 2861, 2866, 2869; 1996, No. 3, item 140; ROSSIYSKAYA GAZETA, 9 September 1993), add the following amendments and additions.

1. Add to the Code Articles 146.7, 156.2, and 165.9, with the following content:

"Article 146.7. **Sale of commodities subject to excise tax, without marking with stamps of the established models**

"The sale and/or organizing of the sale by citizens and individual entrepreneurs of commodities subject to excise tax that are supposed to be marked with stamps of the established models, without the marking with stamps of the established models — "results in the imposition of a fine in the amount of from 10 to 100 minimum wages, with the confiscation of the commodity that does not bear a stamp.

"The same actions carried out by managers or officials of enterprises (organizations) carrying out the sale of commodities subject to excise tax that are supposed to be marked with stamps of the established models, without marking with stamps of the established models, — "result in the imposition of a fine in the amount of up to 100 minimum wages, with confiscation of the commodity that does not bear a stamp";

"Article 156.2. **Failure to provide the marking with stamps of the established models during the production of commodities subject to excise tax**

"Failure by the managers or officials of the producer organization to provide for the marking with stamps of the established models during the production of commodities subject to excise tax that are supposed to be marked with stamps of the established models —

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"results in the imposition of a fine in the amount of 100 minimum wages.";

"Article 165.9. **Failure to execute, or the improper execution of, the instructions issued by agencies of state control within the confines of their competency**

"Failure to execute, or the improper execution, by officials or citizens registered as entrepreneurs, of the instructions issued by agencies of state control within the confines of their competency, — "results in the imposition of a fine in the amount of 50 to 100 minimum wages.".

2. In Article 202, replace the figures "146.3-146.6" by the figures "146.3-146.7,"; after the figures "156," add the figures "156.2,".

3. To Part I and paragraph 1 of Part II, of Article 203, after the figures "146.6," add the figures "146.7,".

4. Add to the Code Article 224.2, with the following content:

"Article 224.2. **Agencies of the RF State Tax Service**

"The RF State Tax Service and the state tax inspectorates subordinate to it consider the cases involving administrative offenses that are stipulated by Article 156.2 of this Code.

"The individuals who have the right to review cases involving administrative offenses and to impose administrative punishments on behalf of the tax agencies are the head of the RF State Tax Service; his deputies; chief of the state tax inspectorates and their deputies for the various subjects of the Russian Federation, rayons, cities, and city rayons."

5. In Part I of Article 224.5, replace the figures "146.3, 146.4, 146.5, 146.6" by the figures "146.3-146.7," and after the figures "156" add the figures ", 147, 156.2, 165.9.".

6. In Article 224.7:

in the name of the article, replace the words "Agencies of the State Inspectorate for Guaranteeing the State Monopoly on Alcoholic Products" by the words "Agencies of the Russian Federal Service for Guaranteeing the State Monopoly on Alcoholic Products";

in Part I, replace the words "Articles 146.3, 1436.4, 156" by the words "Articles 146, 146,2, 146.4, 146.7, 156, 156.2, 165.9";

in Parts I and II, replace the words "State Inspectorate for Guaranteeing the State Monopoly on Alcoholic Products, under the Council of Ministers - Government of the Russian Federation" by the words "Russian Federal Service for Guaranteeing the State Monopoly on Alcoholic Products.".

7. In Article 243:

in the name of the article and in the text, after the words "things" add the words "and commodities";

in Part III, after the words "customs institutions," add the words "tax agencies,"; after the words "carrying out state oversight of the observance of hunting rules," add the words "agencies of the State Inspectorate for Trade, the Quality of Commodities, and the Protection of Consumer Rights, agencies of the Russian Federal Service for Guaranteeing the State Monopoly on Alcoholic Products,".

8. In section 3 of Article 290, after the words "stipulated by Articles" add the figures "146.7,".

Article 2. Add to RSFSR Criminal Code (VEDOMOSTI VERKHOVNOGO SOVETA RSFSR, 1960, No. 40, item 591; 1962, No. 29, item 449; 1970, No. 6, item 129; 1972, No. 51, item 1210; 1974, No. 29, item 781; 1981, No. 38, item 1304; 1982, No. 49, item 1821; 1983, No. 33, item 1203; 1985, No 40, item 1398; No. 49, item 1697; 1986, No. 23, item 638; 1987, No. 24, item 839; VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV RSFSR I VERKHOVNOGO SOVETA RSFSR, 1991, No 9, item 204; No. 52, item 1867; VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV ROSSIYSKOY FEDERATSII I VERKHOVNOGO SOVETA ROSSIYSKOY FEDERATSII, 1992, No. 17, item 894; No. 22, item 1912; No. 47, item 2664; 1993, No. 22, item 789; No. 32, item 1231; SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, 1994, No. 10, item 1109; 1995, No. 11, item 939) Articles 152.2, 159.1, and 162.10, with the following content:

"Article 152.2. **Failure to provide the marking with stamps of the established models during the production of commodities subject to excise tax**

"The failure by managers and officials of the producer organization to provide the marking with stamps of the established models when producing commodities subject to excise tax that are supposed to be marked with stamps of the established models, with such failure occurring on a major scale, if it has been carried out in the course of one year after the imposition of an administrative punishment for similar violations, — "is punished by incarceration for a period of up to two years, or by corrective labor for the same period of time, or by a fine of up to 100 minimum wages.

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"Note. By 'major scale,' one should understand the production of unstamped commodities subject to excise tax with a total value exceeding 50 minimum wages.";

"Article 159.1. **Forgery of stamps and special stamps for excise fees**

"Forgery of stamps and special stamps for excise fees for purposes of using them, or the sale of such stamps, as well as the manufacture and possession of equipment and devices for manufacturing stamps and special stamps for excise fees for those purpose, or the sale of that equipment and those devices — "is punished by incarceration for a period of up to two years, or by a fine of up 100 minimum wages, with confiscation of those stamps, equipment, and devices.";

"Article 162.10. **Sale of commodities subject to excise tax that are supposed to be marked with stamps of the established models, without being marked with stamps of the established models**

"The sale of commodities subject to excise tax that are supposed to be marked with stamps of the established models, without being marked with stamps of the established models, with such sale occurring on a major scale, if it has been carried out in the course of one year after the imposition of an administrative punishment for similar violations, — "is punished by incarceration for a period of up to two years, or by corrective labor for the same period, or by a fine of up to 100 minimum wages, with confiscation of the unstamped commodity.

"The same actions, linked with the sale of commodities subject to excise tax that are not stamped or that have been stamped with unestablished models, on an especially large scale, — "are punished by incarceration for a period of from two to five years with or without confiscation of property and with the mandatory confiscation of the unstamped commodity.

"Note. By 'a large scale' and 'an especially large scale' one must understand the sale of unstamped commodities that are subject to excise tax, respectively, for total amounts exceeding 50 and 100 minimum wages.".

Article 3. To Party IV of Article 126 of the RSFSR Criminal Proceedings Code (VEDOMOSTI VERKHOVNOGO SOVETA RSFSR, 1960, No. 40, item 592; 1965, No. 50, item 1243; 1966, No. 35, item 946; No. 38, item 1039; 1970, No. 22, item 442; 1972, No. 51, item 1207; 1973, No. 16, item 353; 1974, No. 29, items 781, 782; 1975, No. 33, item 699; 1978, No. 15, item 410; 1980, No. 20, item 536; 1984,No. 5, item 168; 1985, No. 5, item 163; No. 40, item 1398; 1986, No. 23, item 638; 1987, No. 27, item 961; No. 36, item 1295; No. 43, item 1501; 1988, No. 14, items 396, 397; No. 33, item 1081; No. 48, item 1529; 1989, No. 16, item 397; No. 28, item 739; No. 37, item 1074; VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV RSFSR I VERKHOVNOGO SOVETA RSFSR, 1991, No. 15, item 494; No. 52, item 1867; VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV ROSSIYSKOY FEDERATSII I VERKHOVNOGO SOVETA ROSSIYSKOY FEDERATSII, 1992, No. 17, item 894; No. 27, item 1560; No. 33, item 1912; 1993, No. 3, item 97; No. 21, item 749; No. 22, item 789; No. 32, item 1231; SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, 1994, No. 10, item 1109; No. 17, item 1950; 1995, No. 11, item 939; No. 17, item 1471; No. 18, item 1595; No. 21, item 1927; No. 30, items 2866, 2867; No. 51, item 4973; 1996, No. 16, item 1769), after the figures "152.1," add figures "152.2"; after the figures "159," add figures "159.1"; in front of the figures "162.1," add the figures "152.2"; and after the figures "162.9," add the figures "162.10,".

Article 4. This Federal Law goes into effect on the day of its official promulgation.

[Signed] B. Yeltsin, president of the Russian Federation

Moscow, the Kremlin

30 July 1996

No. 103-FZ [Federal Law].

Russia: Pristavkin on Death Penalty, Bribery

964F3118A Moscow KOMSOMOLSKAYA PRAVDA in Russian 2 Aug 96 pp 12-13

[Interview with Anatoliy Pristavkin, by Andrey Vandenko, under rubric "Andrey Vandenko's Friday Conversations": "All My Life I Have Been Walking Along a Human Corridor: A discussion about the price of mercy during a harsh era with the chairman of the Commission on Pardons, under the President of Russia"]

[FBIS Translated Text] [Vandenko] When I learned that you have been in the hospital for the past two weeks, I thought that all your present ailments, Anatoliy Ignatyevich, are the result of one thing — these green folders with cases involving the death penalty.

[Pristavkin] My nerves were shot, my nerves... Probably it was not just the green folders that are to blame for that, but also the various unpleasant things that an official has to do, that our commission has been involved with for some time. Although I must admit that the reading of the documents submitted to the commission does not improve anyone's health. Usually, at each session, we review as many as 150 cases.

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A few days ago we returned again to the question about Maduyev, the hero of the "prison novel" that has caused a sensation. Certainly you know the story about how he attempted to escape from SIZO [investigative solitary confinement] with the aid of a female investigator who had brought a weapon into the zone. I must report that Maduyev is a completely unique person. He had tried repeatedly to escape, and once again the weapon was found on him. At the MVD there is a genuine fear that they cannot keep Maduyev behind bars, and therefore they are rushing us. But the commission has not yet made a decision.

In addition to persons who have been given the death penalty, whose cases are automatically sent to our commission, every convict has the right to ask the president for a pardon. Every year Boris Yeltsin receives as many as 70,000 such requests. True, certain ones are rejected for formal reasons.

[Vandenko] What kind of formalism can occur in such a case?

[Pristavkin] The granting of a pardon is not regulated anywhere in the world by a law or an article in the criminal code, but a definite framework, or borders, do exist. For example, a refusal to grant a pardon is given to a convict who has served less than half his sentence, or one who has been sentenced for having committed several crimes. It is another matter that recently the Russian president's team has included officials who have decided to interpret in their own way the meaning of the words "mercy" and "pardon." For example, the new leadership on Staraya Ploshchad now has taken it into its head to consider granting a pardon only to persons who have been convicted for the first time. That is bureaucratism of the first water. In our job we cannot be guided by any stereotypes or standards. We need the individual approach. But officials attempt to assume the right to decide who should be punished and who should be pardoned.

[Vandenko] Do I understand that this does not pertain to persons who have been given the death penalty? Because one of the conditions for Russia's entry into the European Council was the banning of the death penalty.

[Pristavkin] We have been required to put a moratorium on the execution of the death penalty and, within a year, to adopt a law on its complete abolition. Knowing that Russia is a sly country, a ten-point protocol has been specially developed for us, in which there is a precise schedule of what we have to do and when. We have signed the protocol, although it is true that translators at the MID [Ministry of Foreign Affairs] managed in some inscrutable manner to lose from its text a key line about an immediate moratorium on the execution of the death penalty. Instead of that, our home-grown wise men attempted to write something improbable — a decree on the gradual (yes, gradual!) introduction of a moratorium and a draft of the law on the same kind of gradual abolition of the death penalty. It's like chopping off a dog's tail by sections!

This verbal casuistry affects the lives of hundreds of people who possibly cannot be saved.

[Vandenko] That is, death sentences continue to be carried out?

[Pristavkin] That's what we're talking about! After the Russian delegation signed the European Council's protocol and after the promise to observe human rights, the president has rejected more than 50 requests for pardons from persons who have been given the death penalty. Recently something that is completely inadmissible occurred: 22 cases involving the death penalty found their way to the president's desk by having bypassed our commission.

[Vandenko] How did that happen?

[Pristavkin] From the point of view of status, the commission is not subordinate to anyone except the president. But in real life everything looks different. There is a certain Mr. Voykov, whose name is probably unknown to any rank-and-file citizens. That highly placed official decided that our commission — which includes Bula Okudzhava, Fazil Iskander, Lev Razgon, Arkadiy Vayner, Marietta Chudakova, and other respected people — is too soft-hearted toward criminals. He says that we should be harder on murderers and rapists. So, going behind the commission's back, Voykov slipped the files on 22 people with the death penalty to Boris Nikolayevich. The president left all the sentences unchanged. Add onto this the 31 pardons that were refused by Yeltsin since the beginning of 1996. All of them! Most of these 53 doomed individuals have already been executed by firing squad, and the remaining ones may be deprived of life at any moment. I know that Voykov has prepared for the president yet another list of 16 names. The European Council is justified in not trusting us...

Twice in recent time representatives from the Council's headquarters have come to see us. I was forced to tell them what the actual state of affairs is. But our official agencies, to put it mildly, have been disinforming the world public by deliberately understating the number of persons who have been executed. Minister of Foreign Affairs Primakov even has allowed himself to state publicly that in Russia it is impossible to abolish the death penalty. Why, then, should our country sign world-wide declarations on human rights?

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Do you know the last time that President Yeltsin signed a pardon? In February 1995. From that time until the end of last year, the same decision was made 86 times: execute the penalty. That is a very large figure. In America the number of executed persons is one-third that size. In Europe, you realize, there is nothing to compare this with: Ukraine and Moldova were the last countries to abolish the death penalty. But Russia is leading the entire planet with regard to this indicator.

[Vandenko] After Vlad Listyev's murder, Yeltsin stated publicly that the murderers would get no mercy. The president is attempting to keep his word.

[Pristavkin] All that is so. It is just that the persons who are being sent to the wall are not hired murderers or major Mafiosi, but, as a rule, people who have committed crimes in everyday life. Let's take a look at the files: a person gets drunk and stabs his wife. Another gets into a fight with a neighbor and splits his head with a bottle...

[Vandenko] What is the total number of people in Russia who have been given the death penalty?

[Pristavkin] Minister of Internal Affairs Kulikov gives a figure of 700. But our commission has formalized files for approximately 350 people.

[Vandenko] Have you ever personally met anyone on death row?

[Pristavkin] Yes, although we try to avoid that. It is still better to make a decision that is not based on subjective factors, and, as you realize, direct acquaintance leaves an imprint on one's attitude to the convict.

I used to visit people on death row in Butyrka [Prison]. They sit there for years — two people in a cell, with no exercise time. In general, the conditions are complicated. In prison I became acquainted with a convict who, at the time when we met, had already been locked up for three years. It was a very nice conversation — no requests or complaints, but just a dialogue at the end of which he asked for permission to give me a toy that he had made out of bread. I refused, saying that it was forbidden for us to accept presents, but my new acquaintance convinced me that this was only a piece of bread.

After getting back to my office, I asked for the file on the Butyrka prisoner and I saw my own resolution: "An extremely dangerous thug! A person without a drop of compassion!" Personal acquaintance had forced me to doubt the correctness of my initial evaluation. Probably being in prison does change people, although I must say that just one meeting is not really enough for any far-ranging conclusions.

[Vandenko] Or, I suppose, the dry lines in the materials in a file?

[Pristavkin] Those lines are not always dry.

Just read how, during the winter, a mother takes her child into the woods, undresses him, and then leaves. The tiny tot runs after her, asking his mother to take him with her. Then the mother returns and ties the poor little thing to a tree... I have stories like that, that make your hair stand on end. Sometimes, after reading the files, I cannot fall asleep for several nights. And I cannot be merciful.

[Vandenko] Why should you? Why justify awful people?

[[Pristavkin] Because, talking specifically about the woman I mentioned, she has two more small children. Should we make orphans of them?

[Vandenko] Do you mean, then, that it is better to give this —pardon the expression! — mother the opportunity to take these two other children into the woods too?

[Pristavkin] Well, it is difficult to judge others. It's difficult... I would like to give another example. A young fellow was caught committing petty thievery. We pardoned him. A month later, a new arrest — for aggravated robbery. It would seem that the situation is clear. But there was a small notation in the file: it turns out that this criminal has been giving bone marrow to a sister who was subjected to radiation in Chernobyl, and he is the only donor who can help the patient. What should we do? We release the fellow for the second time — out of a sense of compassion for his sister. Maybe they will catch him for something else a third time...

When you see people on death row, you see people with heads completely shaved, people who have reconciled themselves to their fate. They no longer seem to be monsters, and you begin to believe that it is still possible to correct them. The only people to whom I cannot give a second change are those who have hurt children. For me, they are offspring of the devil. Therefore I do not consider it a sin to leave their requests for mercy unanswered.

[Vandenko] Can it be that, after all, Primakov is right when he says that the abolition of the death penalty is not for us?

[Pristavkin] How are we worse than the rest of the civilized world? They do not have to carry out extreme measures. It is possible, for example, to introduce into the law an article about life imprisonment without mercy.

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[Vandenko] Probably society must achieve a definite level of development before it is possible to speak about this topic calmly, without hysterics.

[Pristavkin] I can give you as an example West Germany, where the death penalty was abolished in 1949, soon after the war. They were not afraid. But the death penalty continued in East Germany. Soon the level of crime in West Germany became significantly lower. Therefore one should not switch the pointers to society's lack of awareness. For the most part, people never will vote voluntarily for the abolition of the death penalty, and therefore it is the state and the intellectuals who must demonstrate willpower and decisiveness.

[Vandenko] You used to say that you attempted repeatedly to retire from the position of commission chairman. Is that step the result of fatigue or the awareness that you are incapable of exerting an influence on the president's will?

[Pristavkin] Recently I have not been thinking any more about retiring. We have developed into a well-coordinated team. So we are continuing to work with our teeth clenched, inasmuch as we realize that if we leave, Voykov and his ilk will respond to today's situation and execute several more hundreds of people. As soon as the president began to punish everyone indiscriminately without any analysis, we stopped submitting to him the death-penalty files, feeling that we might be able to save a few more. I am talking, I emphasize, not about professional killers, but about unfortunate people. Therefore, in half a year we have not sent the president a single request for mercy.

[Vandenko] Is that sabotage?

[Pristavkin] The commission does not have a plan or a work quota. We are free to examine cases in any procedure that we like. Of course, there are a few people who do not like this. The general prosecutor's office has already recommended twice to Boris Yeltsin that he disband our commission. So far the president has not been bothering us, and that has not been welcomed by opponents of the commission.

[Vandenko] Is it true that your position costs a million dollars?

[Pristavkin] This job costs a human life — my own. No, I have not been offered any million-dollar bribes, but the amounts of money mentioned have been extremely impressive. Incidentally, the threats to twist my head off have also not proven to be just jokes. We have seen everything — attempts to bribe us, and pressure. At first I was afraid for my child and for my wife, but now I try not to pay any attention to that, although, I repeat, my nerves are shot. I waited for the election in order to ask for a vacation and to go somewhere far away. People in Germany have asked me to go there. I was there last year. I wrote a few stories about Berlin and about how my eight-year-old daughter felt in that city. The Germans liked what I wrote, and they have been asking me to continue writing. Maybe... Nevertheless I would like to remember that I am not only the commission chairman, but also a writer — I wear two hats.

[Vandenko] However, am I correct in thinking that during the past four years literature as a whole for you, as I understand it, was reduced to a comma in the phrase: "Execute impossible grant mercy" [apocryphal tsarist written order with two interpretations: "Do not execute. Grant mercy" and "Execute. Do not grant mercy"]. Does the entire question consist of where to put the punctuation mark?

[Pristavkin] For me it is completely clear that it is "execute impossible" ["do not execute"]. Do you know that before the position of commission chairman was offered to me, it was offered to Ales Adamovich? He refused it with the words that he cannot be God, and then he told a story from his childhood. During the war years Ales was with the partisans. Once he was sitting in an ambush, and two Germans were coming toward him. One was tremendous and frightening, and the other was small and thin. Ales had a rifle with just one bullet in it, and he realized that he would have time to fire just one shot. Therefore he kept sitting there, trying to decide who to fire at. He finally chose the big Hitlerite — he simply was a bigger target. But Ales no longer wanted to be faced by the choice of whether or not to execute someone. He told me that story the day before he died...

[Vandenko] Does that mean, then, that you consider yourself to be God?

[Pristavkin] Gods are those who sentence people to death and who think up laws like that, but we work to save people. This is not a divine mission, but hard human labor.

[Vandenko] Do you talk about your work when you are at home?

[Pristavkin] Definitely not. For about three months I could not decide whether I was going to become chairman. I kept refusing, and my wife supported me. She grumbled for a long time when I finally gave in. She calmed down only after she learned what a nice atmosphere prevails on the job. Sometimes we can even cancel a session and simply sit down and share a bottle if we feel that we're getting too tense.

[Vandenko] Do you mean that you have drinking parties on the job?

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[Pristavkin] Sometimes it is necessary to ease up, to remove the stress, in order not to break down or become hard-hearted. It's necessary to say what's on your mind, to unburden your soul. Because all the commission members came there with good will, and are working there without compensation. As the chairman, I am the only one who gets a salary. Officially it is felt that I have the rank of minister, but that really isn't money, is it? The royalties on the books that I have written during these four years actually could constitute an impressive amount of money, but I have to feed myself with the royalties from old works that were republished in the West — "Tuchki," "Kukushat,"...

[Vandenko] Are you thinking about putting into literary form the material that you have received at the commission?

[Pristavkin] At first I had ideas like that, but the farther I went, the more problematical things became. Perhaps with the passage of time, having removed myself from the files.... Today I cannot think about that. I have already asked myself the question: when God calls me, what will I tell him about the things I have done on earth? I have written a few little books, but the most important thing is that I asked for mercy, I saved people's souls.

[Vandenko] I realize that bookkeeping is not apropos here, but...

[Pristavkin] I think that about 300 people were pardoned with the aid of our commission. Those are only the ones who were threatened by the death penalty. That's a small number, isn't it?

Well, in life there are always more prosecutors than defenders. Most often it is more complicated for people to spare someone else than to punish him. You cannot become cruel and heartless. I read in a newspaper that a small boy was hit by a car in front of Belarus Station and the stream of cars ran over the child's body for four hours. What is this world coming to?

I have been fortunate enough to work with merciful people. Without them I would have failed. Once I failed to show up for my shift at the plant, and was told to appear in court — it was wartime. I was saved by Semen Isayevich Turetskiy, my chief. He arranged with the timekeeper to change the record to show that I was given the day off. So I was able without any formality to repeat the fate of a woman whose case we were studying at a recent session of the commission. Eight convictions, 32 years in camps. And all of this had begun with potatoes that had been dug up on a kolkhoz field during the starving 1930's. No one had supported that woman at that time, and she started a downward spiral. Didn't you ever steal something when you were a little boy? I used to hang around wherever I could. But there were people who put me on the right road. I have written the story "Human Corridor." It is about a real-life situation. It is about the way in which we orphan children, weakened after a long trip, were brought in October 1941 to Chelyabinsk and about how thousands of refugees formed a living corridor so that we could make our way to the dining room and be able to eat hot food for the first time in a month.

I have a feeling that, all my life, I have been walking along that human corridor. Probably that it how it should be: first people allow you to get through, and then you become part of the corridor and let others get through. That is obviously the meaning of life...

Russia: Experts Combat Drug Trafficking, Smuggling

964F3114A Moscow SEGODNYA in Russian 17 Jul 96 p 6

[Article by Vera Fleming: "Quantity of Drugs Entering Russia Has Risen Two and a Half-Fold"]

[FBIS Translated Text] Officials of the State Custom's Committee's (GTK) regional administration for combatting violations of customs laws have provided the first half year's totals with respect to breaking up the unlawful transportation of drugs. In the first six months of the year 341 such cases were recorded. Consequently, customs officials managed to take out of circulation more than 4,562 kg of drugs; more than 2.5 million ampules and tablets of psychotropic, narcotic and other strong pharmaceuticals; and more than 277 tonnes of chemical products that serve as raw materials for the manufacture of drugs. All these figures are higher than for last year. Thus, in January-June 1995, 309 cases of illegal drug transportation were recorded, as the result of which 1,880 kg of drugs was taken out of circulation. That is, the amount of seized drugs was higher by a factor of 2.4.

According to GTK experts, in the first half year a new channel was uncovered for smuggling large lots of drugs belonging to the cannabis group (the raw material is hemp) in container shipments from Afghanistan through Russia to the countries of Western Europe. For example, on this 30 April officers of the Sebezh customs unit discovered a container with a shipment of alfalfa seeds. The sender was designated as a citizen of Afghanistan, the shipper as the Afghan Company Trans Asia Afghanistan [Collins], and the recipient as the [Sutra] Company in Rotterdam (the Netherlands). Upon inspection, customs agents discovered that there was a discrepancy between the number of ribs on the

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inside and outside of the container, and they got the idea there might be a double wall. Soon their suspicions were confirmed: they removed from a secret compartment 1,739 kg of hashish packed in cellophane and foil-coated polyethylene with a shampoo logo on the packages. The average weight of each packet varied from 1,020 to 1,030 grams. In the customs agents' opinion, the only way that the "products" could have been packaged so carefully and neatly was under factory conditions.

That the smugglers had carefully prepared for shipping their valuable cargo was also indicated by the fact that the double walls, like the container itself, were made out of corrugated steel, welded to corners and painted a silver color. Since there was no smell of paint, the customs agents drew the conclusion that the container with the secret compartment had been manufactured in advance. At the same time, they discovered yet another, similar container that had been allowed to cross the border, about which Russian customs agents informed their colleagues in the Netherlands. As a result of making a monitored delivery, Dutch customs agencies confiscated another 1,753 kg of hashish and arrested its recipients.

Russian customs agents note that the smuggling of cocaine continues to rise at alarming rates. In the opinion of customs and militia experts, this is due chiefly to the constantly growing demand for this type of drug among a certain segment of wealthy people in our country. In the first six months of 1996, 64.8 kg of cocaine was seized—1.9-fold the amount seized in the same period of last year. It should be noted that in the vast majority of cases cocaine has been carried by couriers—generally people from Africa—in their own stomachs or, to use the special term, "with the use of internal-cavity concealment." This winter and spring 12 such couriers were arrested and more than 10 kg of drugs was removed from them, but recently there has been virtually no record of such arrests. In the opinion of GTK officials, this is due primarily to the fact that the organizers of drug smuggling have begun seeking new means of transporting cocaine.

The illegal importation of opium into Russia from Ukraine continues to rise. This is an especially alarming trend in that opium, which is a narcotic itself, serves as the raw material for producing the stronger narcotic, heroin. As a proportion of total drugs smuggled from Ukraine, opium rose from 3 percent in 1995 to 8 percent in the first six months of this year.

The smuggling of narcotic, psychotropic and other strong pharmaceutical agents continues to be a serious problem. As mentioned above, in the first six months of the year customs agencies seized more than 2.5 million tablets and ampules, the contents of which included [droperidol], ketimine, [mesapam], [promedol], [tramal], Triftazin, phenobarbital and others. In the vast majority of cases, the attempts to illegally import pharmaceuticals are recorded in the country's Far Eastern region. They come into our country from the territory of China, and the smugglers are Russian and Chinese citizens who cross the border as tourists (more about this in the next article).

However, the Far East is not the only home of the pharmaceutical smugglers. Lately customs agents have noted increasingly frequent cases of the illegal transportation of ketimine (a powerful substance that possesses narcotic and certain hallucinogenic properties) on Russia's border with the Baltic countries. The latest and most impressive arrest of suppliers and traffickers in pharmaceuticals was made this May by agents of the Western Customs Administration (our newspaper reported the operation in detail). At that time, customs agents arrested the owner of a drug storage facility and couriers who were transporting pharmaceuticals, including sodium pentobarbital, which has been taken out of production in our country, to Ukraine.

Comparative Figures on Number of Arrests and Total Amount of Drugs Confiscated [table done as text]

January-June 1996: 341 arrests, 4,562 kg.

January-June 1995: 309 arrests, 1,880 kg.

January-December 1995: 767 arrests, 6,457 kg.

Russia: Order Urged in Militia, Special Forces

964F3168A Moscow NOVAYA GAZETA-PONEDELNIK in Russian 29 Jul 96-4 Aug 96 No 27, p 9

[Article by Yu. Shchekochikhin, member of State Duma Security Committee and deputy chief editor of NOVAYA GAZETA: "If the Strongmen Need Iron Fists, It Means They Do Not Trust Their Own Power of Reason"]

[FBIS Translated Text] **I have no faith, hope, or expectations. The summer undertaking designated as another month of struggle against crime will only lead to more lawlessness in relations between people wearing masks and people without masks. But the sounds of explosions, will continue, and businessmen and bankers will keep dropping dead struck by bullets shot by hired killers, bribes will flow into the compliant hands of officials, and, what is most important to me, each one of us will start believing**

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that a person, who is sworn to protect us will instead be assaulting us for no particular reason.

I have gotten tired of Rutskoy's "suitcases," transcripts of intercepted conversations with the leaders which are helpfully provided by the securitye services to journalists, political passions in determination of corrupt individuals (if you are against the president you are undoubtedly a bribe-taker, and if you are for him, then no one will notice any bribery), but most of all, I am tired of the constant complaining of the militia about inadequacy of their powers in order to fight crime. "More, more, more," that cry of the militia leaders rolls over the country and the peaceful passers-by out on the streets, hearing that cry, start believing that nothing short of the declaration of a state of emergency can halt the onslaught of crime.

Only more—not better.

The peaceful passersby, who have been taken for a ride so much that they even want to see beauty queens in masks and camouflage uniforms, possibly do not even suspect that our militia today has rights that appear only in sweet dreams of dictators.

Those rights were granted, as it often happens in our case, not by law but by edict. Naturally, a presidential edict.

The edict signed by Boris Yeltsin on 14 June 1994 sounds highly encouraging: "On Urgent Measures for Protection of the Population Against Banditry and Other Manifestations of Organized Crime." The most important element in it is that any citizen of Russia can be detained for up 30 days merely on suspicion.

I remember very well how happy the militia officials I know were when that edict was adopted: "Finally! We know, we know everything! We know about everyone! But just try and convince a procurator to issue an arrest warrant."

I also recall my conversation about a year ago with Egidiyus Bichkauskas, vice speaker of the Lithuanian Saeima, who initiated a similar law in Lithuania.

"Tell me," I asked him, "perhaps it would be worth doing the same thing in our country?"

"You must be crazy!" Egidiyus told me. "You know what that could lead to in you case? Lithuania is a small country and I have the list of all those arrested on my desk. I am monitoring this myself. Who will watch in your country to make certain that innocent people are not thrown in jail as a means of settling personal accounts?"

Recently I decided to check on how the militia is using the powers it has received and directed some inquiries to the Ministry of Internal Affairs and the Office of the Procurator General.

It turned out that in 1995 out of 23,000 suspects almost half were released—10,000, and only 6,500 cases went to trial.

Yes, some might give a sigh of relief, but all of the others turned out to be criminals!

What about those who turned out to be innocent? Those who were held for a month in stinking cells and constantly interrogated? Those who were pressured for sins they did not commit? Those who were arrested on the basis of false information?

Even the response I received from M. B. Katyshev, the deputy procurator general, states that in the course of 4,000 investigations conducted last year "around 1,000 violations of the law were found"

And that was where they checked, where they found violations.

Most importantly, however, has anything changed in the country in those two years of extraordinary powers granted the militia?

Absolutely nothing! Power is still wielded by hired killers, racketeers, and "privileged thieves" as my Yabloko colleague Vladimir Lukin labelled the highly-placed bribe-takers.

We have been hearing about new extraordinary measures over the past several days? What kind of a Moscow experiment is it that they want to carry out involving the entire country? What kind of another mirage are they planning on creating in order to pacify disturbed public consciousness? Why force people to believe that the state of emergency is the norm?

Perhaps "increased measures" means something entirely different: establishment of elementary order in the militia and other security services themselves? Perhaps it is finally necessary to separate politics from the law, get rid of the rayon committee principle of "us" who are allowed to do anything, "them" for whom the criminal code still exists, and all the others, that is the millions upon millions whose fate is of little interest to anyone?

Almost a month ago I sent a letter to Aleksandr Lebed, in which I listed principles involved in the struggle against crime, which we worked out together with a group of well-known experts, including Aleksandr Gurov, doctor of juridical sciences, and Vladimir Oleynik, member of the Constitutional Court (excerpts from that letter were published in NOVAYA GAZETA).

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I got silence in response. More than that! Attempts to find out how Aleksandr Lebed reacted to advice from people who are attempting to protect him against regular cavalry attacks, led to nothing: it was never possible to find even a trace of that letter.

This means, they may once again delight us with yet another edict. To the amusement of the most esteemed public.

***Russia: Sports Fund Scandal, Customs Waiver Viewed**

964F3172A Moscow NOVAYA GAZETA-PONEDELNIK in Russian 29 Jul 96-4 Aug 96 No 27, p 8

[Article by L. Krutakov: "Russian Locker Room"]

[FBIS Translated Text]

Millions of dollars were lost to the budget in behind-the-scenes deals by the National Sports Fund

"In my childhood people like you used to be beaten up in the locker room," the minister of sports told the author of the article titled "Favorites" on the "One on One" program. But it turns out that in the locker room it is customary not only to settle scores but accounts as well.

Boris Fedorov, chairman of the National Sports Fund (NFS), was arrested for cocaine possession late on the evening of 21 May. On the very next day chairman of the State Committee of the Russian Federation on Physical Culture and Tourism granted ITAR—TASS an interview: "Today it is important to separate the concept of "sports" and "Fedorov," inasmuch as the entire branch has been placed in line of fire to a certain degree," he said. In order to utter that short sentence Tarpishchev was forced to abandon the Russian national tennis team in the midst of a world championship match and urgently leave from the Dusseldorf Airport for Moscow. The haste with which the minister of sports turned up in Moscow is quite understandable since Tarpishchev was the founding father of NFS and has always taken matters dealing with the fund close to heart. Something else, however, is somewhat less understandable—what Tarpishchev had in mind saying that "the entire branch has been placed in line of fire." At any rate, it is difficult to conceive of sports in those terms.

Let's Recall How It All Started

On 22 November 1993 Yeltsin signed edict No 1973 on the protectionist policy of the Russian Federation in the sphere of physical culture and sports. Points 2 and 6 of that edict proclaimed that "goods imported in the Russian Federation and designated for use in the conduct of international sports competitions are exempt from customs duty, value added tax, and excise taxes (subsequently referred to as "customs payments)."

The president's tennis sparring partner (Tarpishchev, who at that time headed the NFS) had received a generous "gift." In 1993-1994 NFS began concluding contracts with foreign firms for delivery of goods to Russia.

On 17 June 1994 NFS concluded Contract No. 53-f with the Belgian firm "Trading Unlimited" for a total sum in excess of $49 million. The Beniteks Joint-Stock Company was engaged in the sales of Belgian goods in Russia in accordance with a contract with the NFS (No IR100/29-94). Tarpishchev's fund, in essence, served as an "umbrella" for the deal, exempting if from customs payments. For that service NFS charged Beniteks a total of $6,394,170.

In accordance with the presidential edict and the letter of explanation of the Ministry of Finance of the Russian Federation of 17 July 1994, the entire amount received as a result of the customs waiver, was to have been channeled by the NFS into the financing of sports events. This specific contract was concluded for the financing of the "Izvestiya Prize" in accordance with a special decree of the government of Russia (No. 689-r of 13 May 1994).

The official estimate of expenses for the conduct of the Izvestiya-94 hockey tournament, which the NFS submitted to the customs office, equalled $2.37 million, while the charge to Beniteks, as you will recall, came to $6.39 million. It is not difficult to figure the difference. The overall amount exempted from customs payments on that contract added up to around $170 million. Where is the money, Zin?

The transaction for financing of the Izvestiya-94 Prize would have gone well for Tarpishchev, had he not started being petty. For example, in accordance with Directive No. 01-12/744 of 20 July 1994 of the Customs Committee of the Russian Federation (GTK [State Customs Committee of the Russian Federation]) NFS was authorized to import goods worth $500,000 without paying customs duty, actually, however, around $2 million worth was imported. On the basis of a directive GTK No. 01-12/921 of 26 August 1994 granting an exemption from customs payments in an amount of $12 million, the NFS actually imported goods worth more than $15 million in Russia. These minor matters involving just a few million, led to a situation where on 26 September 1994 criminal case No. 544 was initiated on the basis of an audit of the NFS. But by 30 September Aleksey Ilyushenko, the acting procurator general, closed the criminal case through his deputy Oleg Gaydanov as having been started without substantiation. Was the reason why Ilyushenko himself was isolated from society (and reporters) due to the fact that he knew too much about the NFS?

Perhaps these facts are insufficient for the procurator general's office to initiate a criminal case. Here are some more figures. NFS concluded a total of 23 contracts for an amount of around $500 million on the basis of

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government directive No 689-r (let us recall that it was issued just for one tournament). The exemption from customs payments resulting from these contracts reaches $1 billion dollars.

Let us repeat that $2.37 million was officially spent on the Izvestiya Prize. While at the same time the Ministry of Finance adopted an estimate of $250 million for the conduct of various international tournaments in 1994. Let us also recall that according to the edict of its partner-president, NFS (Tarpishchev) had the right to claim exemptions only corresponding to the "price" of the tournament.

Tell Us, It Was for a Reason...

After Fedorov was arrested Tarpishchev declared: "I left the post of NFS president as soon as I was appointed minister—in July 1994. Since that time fund affairs have been managed by Fedorov." But the transaction with Beniteks was concluded in June 1994, and a little later its audit began.

The attempt to initiate a criminal case apparently frightened Tarpishchev, but not the NFS. Not wishing to be the direct man of straw any longer Tarpishchev left to become minister, leaving Boris Fedorov to run the branch. In 1995 NFS imported around $1 billion worth of alcoholic beverages and tobacco products alone into Russia, which accounts for about 70 percent of total imports of alcoholic beverages in Russia (the editorial office has all of the supporting documents).

It is widely known that presidential edict of 6 March 1995 repealed the customs duty exemptions. Few, however, know that by 2 August a government directive restored the rights of the NFS and all customs expenses of the fund were reimbursed out of the state budget. Customs payments on alcohol in 1995 reached 200 percent. It turns out that the NFS (naturally together with the partners) earned something in the order of two billion on $1 billion. At the same time Russian imports are not limited to alcohol and tobacco, there is also computer, video, and audio equipment and a large number of firms engaged in its importation in the country, which would not mind avoiding customs duties. For that purpose there is no better "umbrella" in the country than the NFS.

P. S. The Olympic games are under way in Atlanta, where our athletes are appearing for the first time since 1924 under the Russian flag. They are setting a good record. What is bad is that the gold medals won by them may again become a trump card in something that is far removed from sports. But nevertheless let there be as many as possible such medals. The Russian team and the minister of sports are together mining gold, but everyone is doing it for his own reasons and in his own way.

In the next several issues we will talk about the reason for which hopeless competitions were started for the conduct of the Olympic Games at Sochi and St. Petersburg.

Below is the latest available data for 1995 from a secret customs report. We shall reserve comment.

Largest Tobacco Importers

Importer	$	Amount, thousands
National Sports Fund	284,736,063	40,157,515
Moscow office of Neftyannaya Kompaniya Evikhon Joint-Stock Company	44,646,281	4,034,940
VEO Tekhnopromeksport government enterprise	611,301	2,697,250
Goodwill Games-94 Open-Type Joint-Stock Company	18,970,889	2,178,708
Russian Hockey Federation	4,229,240	1,417,850
Aktsiya Limited Partnership	12,809,309	1,390,790
50th Anniversary of Victory Fund	11,103,970	1,007,780
Nova Closed-Type Joint-Stock Company	2,846,070	948,690
NFS-Neva Limited Liability Joint-Stock Company	7,282,055	939,750
N. F. S. Plyus enterprise of the National Sports Fund	6,777,000	827,160
Bond	9,725,019	753,980
Oil Company Evikhon	5,702,454	434m380

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Largest Vodka Importers

Importer	$	Amount in liters
National Sports Fund	200,627,507	159,400,020
NPS-Neva Limited Liability Joint-Stock Company	75,318,170	42,597,478
Russian Hockey Federation	13,396,359	15,209,596
Russian Olympic Committee	4,630,232	3,523,699
Rotor Professional Football Club	2,919,271	3,119,723
Goodwill Games-94 Open-Type Joint-Stock Company	1,772,688	798,001
Russian Fund of Wounded Afghanistan War Veterans	104,227	143,896
All-Russian Light Athletics Federation (VFLA)	108,220	65,604
Tsentrostal-Domstal Closed-Type Joint-Stock Company	29,241	58,000
Eskalibur Closed-Type Joint-Stock Company	39,189	32,388
Olbi-Diplomat Open-Type Joint-Stock Company	32,609	27,418

Largest hard liquor importers

Importer	$	Amount in liters
National Sports Fund	100,412,032	56,362,554
Rotor Professional Football Club	46,950,079	11,771,938
NPS-Neva Limited Liability Joint-Stock Company	26,234,552	11,436,634
Russian Hockey Federation	7,384,496	10,845,100
Goodwill Games-94 Open-Type Joint-Stock Company	3,207,960	1,966,544
Russian Olympic Committee	1,780,175	696,234
All-Russian Light Athletics Federation (VFLA)	825,179	552,868
Russian Fund of Wounded Afghanistan War Veterans	251,535	307,428

Media Issues

Russia: Drug Trafficking Research Exposes Media

964F3159A Moscow SEGODNYA in Russian 17 Jul 96 p 7

[Article by Konstantin Kochuyev under "Versions" rubric: "'Chechen Narcotics": Reality and Illusions: the Playing Up of This Theme May Be an Ordinary 'Active Measure' of the Special Services"]

[FBIS Translated Text] The questions in the financing of the Dudayev regime in Chechnya remain perhaps the most enigmatic in the entire history of the conflict in the North Caucasus that has already lasted more than a year and a half. Initially the Russian authorities assiduously avoided talking about this subject. After the introduction of troops in December 1994 in the framework of the ideological support of the forceful methods of federal forces, law-enforcement agencies finally decided officially to violate their vow of silence. It then turned out that right up to the start of active combat operations "illegal formations" had used successfully and with impunity legal and illegal methods for their support—they resold oil that still-unknown officials delivered to Chechnya supposedly for refining, they traded in weapons "given" by Soviet authorities, and they humbly accepted subsidies. Most profitable for the Dudayev regime were machinations with false bank advice notes

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(by 1994, according to official information, the loss to the state from them amounted to about 10 trillion rubles [R]) and the literally conveyorized but not very high-quality production of counterfeit money. In the fall of 1993, for example, one of Dudayev's bandit formations manufactured R10 billion in counterfeit money in Turkey and smuggled it into Russia. It seemed that this settled the question.

In the spring of 1995, however, still another and perhaps the most sensational version began to develop actively—that of "Chechen narcotics." Its essence was that Chechen separatist leaders were able to take control of a substantial share of the world turnover of heroin and cocaine and turned the small mountainous republic into an extremely large base for the production and movement of narcotics. The main conduits of this version were the mass media, primarily newspapers, which gave rather detailed and lengthy descriptions of the routes used by drug dealers, their ties with high-ranking officials, the means of laundering money, and many technical details indicating precise places, times, etc. In so doing, the sources of the published information either were not named or had a relationship with certain abstract special services. The clearest example in the dissemination of information on the "Chechen narcotics" was the mysterious analytical group "Feliks."

The result was that after a year of the active playing up of the theme of "Chechen" narcotics, the members of the Dudayev regime involuntarily began to be transformed in the eyes of Russian citizens into what without exaggeration may be called powerful monsters of the world narcotics business, fabulously rich, elusive, and having influence and support in the upper echelons of Russia. The popularity of this theme was also indirectly influenced by law-enforcement agencies, which demonstrated their attitude toward "Chechen narcotics" in a very strange way. Occasionally when the situation in Chechnya became more intense, they cautiously mentioned this information (as was done, for example, by Sergey Stepashin in the summer of last year after the events in Buddenovsk) but most often they tried not to mention it at all, neither confirming nor denying anything officially.

The only known organization as of today that has decided to analyze the problem of "Chechen narcotics" is the All-Russian Scientific Research Institute (VNII) of the Ministry of Internal Affairs of the Russian Federation.

In the words of Boris Kalachev, chief of the NON section (dealing with the study of the problems in the fight against the illegal turnover of narcotics) of the VNII, until now there is still not a single Russian law-enforcement structure that has been able to establish any facts speaking in favor of the version on "Chechen narcotics." Moreover, not a single such case involving either Russian citizens or foreigners has been registered abroad. Meanwhile, as practice shows, any changes in the directions of movement of large shipments of narcotics anywhere in the world become known to law-enforcement agencies almost immediately. Too many people are involved in such processes and in one of the stages of the transport of one of the shipments of the potion or, what happens more frequently, in its sale, someone will invariably get caught in the net of the operational services. So far nowhere in the world has anything been registered that is even remotely reminiscent of the "Chechen version." This is especially interesting when one considers that in the logic of the authors of the version on "Chechen narcotics" the described routes have not changed fundamentally for several years now.

In addition, in the opinion of Boris Kalachev, tons of the narcotics mentioned in the "version," in passing through the territory of Russia, could not fail to leave a trail here as well, especially if it is a matter of such narcotics as heroin and cocaine. But an analysis of the information gathered by law-enforcement agencies over the last three years shows that there is no "anomaly" in the spread of narcotics in the region of the North Caucasus.

According to the information of experts of the VNII of the Ministry of Internal Affairs, 0.16 percent of the narcotics confiscated from the federal illegal turnover in the country as a whole last year was attributable to the Chechens. And over the last three years, only 89 kg of narcotic substances with a value of R500 million in the prices of last year were confiscated from people from Chechnya. At the same time, the regions most saturated with "Chechen narcotics" were Kostroma, Perm, and Astrakhan oblasts and Moscow. In the capital, by the way, Chechens were the most active spreaders of narcotics. Considering the number of ethnic groups represented in the city (per 10,000 people), the Chechen diaspora had the highest level of arrests of drug offenders. As Boris Kalachev thinks, however, these phenomena quite objectively reflect the processes taking place in the criminal world.

The only characteristic of the Chechens involved in the turnover of narcotics (and also of weapons) is [shown in] information pointing to the presence among drug offenders of persons having the professional practices of intelligence and counterintelligence activity. The ascertained characteristic may be assessed in different ways, however. On the one hand, this may indeed indicate that Dudayev's emissaries are interested in the

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narcotics business. On the other hand, this suggests the customs prevailing in the Chechen special services.

Among all the ethnic groups in the country as a whole, according to the VNII, persons from Chechnya occupied one of the last places in the "top ten" in terms of their activity in the narcotics business per 100,000 population. But it is the Gypsies who have been substantially ahead in this area for a rather long time: about a tonne of confiscated narcotics was attributed to them in the last three years, according to the findings of investigations.

At the same time, in the opinion of Boris Kalachev, the events of recent years in Chechnya certainly differentiated flows of narcotics into this Russian republic. A certain share comes from the countries of Central Asia, although this is not a new discovery. Seventy percent of the narcotics reaching the Russian market came and comes from those same regions. The revealed information does indicate, however, that a part of the high-quality prepared compounds from the group of so-called "soft" narcotics, especially marijuana, is probably being purchased specifically for internal use in Chechnya to suppport the morale of the combatants. But at most this is tens of kilograms and not tens of tonnes of "hard" narcotics (heroin and cocaine), as the authors of the "Chechen version" would like to show.

This is especially so since, as Boris Kalachev thinks, for a long time there has not been any Chechen "phenomenon" for scientists. The reasons giving rise to the present situation in the North Caucasus are identical for all interethnic conflicts. Very generally one may reduce them to the loss of state control of the demographic and social situations in the region. In the last 50 years, the population of Chechnya has increased by a factor of more than two and a half. At the same time, no industry developed in the region and the people, roughly speaking, were left without work and the means of supporting themselves honestly. An important factor in the criminalization of the population of some region or other, in the words of Boris Kalachev, is the level of education. Among the Chechens arrested for crimes with narcotics, for example, only 4.6 percent had a higher or secondary education and less than 1 percent had an incomplete higher or secondary education. All of the rest had no education. And the policy of Dudayev himself spoke for itself in this question: he planned to introduce a compulsory five-year education for boys and a three-year education for girls. This tendency, in the words of a scientist from the VNII, was clearly shown in all of the known "hot spots." As soon as a conflict flared up somewhere and the social conditions in the life of the people were disrupted, one could immediately observe an upsurge of "national" crime, including that associated with narcotics. And it is no accident that at this time people from Georgia, Uzbekistan, Azerbaijan, and Armenia are the leaders behind the Gypsies in activity in the narcotics market of Russia (in the count of all representatives of ethnic groups).

In the opinion of Mr Kalachev, the "investigations" on the subject of "Chechen narcotics" most probably should be classified with the so-called "active measures" being undertaken by the special services. It is difficult to say what kind of special services these are—domestic, foreign, or even private. In the event that they are foreign, this is more like espionage. If some secret structure of ours decided in this way to legalize its information and to encourage the leadership of the country to take some decisive measures, then this worked out very awkwardly for it, to put it mildly, and it did not accomplish anything other than the stimulation of hysteria, separatism, and the pseudo-power of guerrillas and the lowering of the country in the eyes of the world community. In any case, however, in the opinion of Mr Kalachev, one should put an end to this story and look into who is inflating the subject of the "Chechen narcotics" and why under the conditions of the already-protracted disorder in this subject of the Russian Federation.

Regional Affairs

Russia: Shaymiyev Sees Economy, Chechnya as Top Priorities

964F3139A Moscow INTERFAKS -AiF in Russian 5-18 Aug 96 No 32-33, p 5

[Interview with M. Shaymiyev, by Gulya Khasanova, on "Economics and Politics" page: "Mintimer Shaymiyev: The Priorities Are Peace in Chechnya and the Continuation of Reforms"]

[FBIS Translated Text] **Today much is being said about the path that the new Government of Russia will take in order to pull the wagon loaded down with economic problems out of the rut into which it has fallen. Mintimer Shaymiyev, the president of Tatarstan, stated his view of this process in a conversation with INTERFAKS - AiF correspondent Gulya Khasanova.**

[Shaymiyev] The new Russian government must determine its priorities in the economy. It is necessary first of all to develop the competitive branches of the economy. And we have such branches. In particular, the air and space industry.

Finally, it is necessary for us also to decide what we shall produce, and what we can wait for right now.

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Russia also needs a military doctrine. Much is being said about it, but no such doctrine exists yet.

What is most unpleasant in the relations between the federal center and the regions is the lack of governmental supervision of the execution of its own decisions and decrees. We were forced to take independent steps, and, in its turn, the center did not particularly like that. Meanwhile Tataria is executing its pledges in full volume. This situation is not to the republic's liking, and as long as that irresponsibility on the part of the federal authority continues, there will be no normal relations between the center and the regions.

[Khasanova] What do you think about A. Chubays' return?

[Shaymiyev] I always said that Chubays would definitely return. In my opinion he is a bold and practical reformer. He is exactly the kind of person who is needed in the leadership if we truly intend to move along the path of reforms. I think that his return will have a major influence upon the government's policy and the decisions being made by the President, because all the government's documents and decrees have to pass through the President's administration.

[Khasanova] What is your attitude toward the idea of forming a coalition government, the need for which is discussed so much by the leftist forces?

[Shaymiyev] We are not a parliamentary republic, and for that reason I feel that it is undesirable to create a government on the basis of the party list. At the same time I do not preclude — for the purpose of achieving stability in society —the possibility of the entry into it of representatives from the opposition.

Viktor Chernomyrdin and the future government have to review fundamentally their relations with the republics. The authority of the prime minister and the Cabinet of Ministers will depend upon the degree of effectiveness with which the decisions being made by them are implemented. Otherwise, I scarcely think that the government will be able to count on a response in the form of reciprocal support.

In my opinion, the situation that is developing in the economy is very complicated. Regardless of what people say to the effect that the situation in this sphere is improving, there are as yet no tangible changes. Back in Tataria we forecast a growth of industrial production in the first half-year by 5 percent. But that did not occur. The economy is simply being mowed down by the nonpayments and the monetary deficit.

As for the reform course that is being carried out, those reforms must be, in my opinion, primarily socially adapted. I am in favor of reforms, but reforms with a human face.

[Khasanova] You have repeatedly said that you are in favor of Yeltsin, but without the war in Chechnya. Yeltsin has remained President, but the war in that republic has taken on the most bitter forms.

[Shaymiyev] The entire problem is that the President is carrying out an extremely inconsistent policy in Chechnya. On the eve of the election, Boris Nikolayevich stated that he would end the war by 16 June, but he did not keep his word. At the same time, all the President's decisions with regard to this question are aimed specifically at the achievement of peace. All things considered, the policy in Chechnya is being decided not by the President, but by the power ministers. There is where the problem lies.

[Khasanova] But the President is the commander in chief of the Armed Forces and cannot fail to know what his subordinates are doing.

[Shaymiyev] Well, everything depends upon the form in which those ministers bring information to B. Yeltsin. I am convinced that these people are deliberately trying to convince the President that the easiest way to deal with recalcitrant Chechnya is to use force.

[Khasanova] At one time you recommended to Moscow that you act as a mediator in negotiations between Dudayev and the Kremlin...

[Shaymiyev] At that time I made that initiative only because Dzhokhar Dudayev was insisting on my participation in the negotiations. My personal representative went to Chechnya, and he met with a number of field commanders. I even had a specific plan for stopping the military actions and stabilizing the political situation in Chechnya. However, after Dudayev's death, there was no longer any need for my participation.

[Khasanova] Would you agree today to act in that capacity again?

[Shaymiyev] No. Especially when I saw that the Russian leadership lacks a uniform opinion on ending the war. I am convinced that, if it wants to, the Kremlin is capable of resolving this problem. All that is required is to engage in that problem consistently and seriously. I am convinced that it is necessary to carry out negotiations with the leaders of the armed Chechen opposition. Those negotiations must be continued, regardless of how difficult that will be. The persons who are guilty of allowing the war to continue are the generals and the power ministers. It is they, rather than the President and the government, who determine the policy in that

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republic. And as long as that situation is preserved, it is difficult to count on a rapid peace in Chechnya.

Russia: Chechen Congress Moves to St Petersburg

964F3205A St. Petersburg NEVSKOYE VREMYA in Russian 30 Jul 96 p 2

[Article by Andrey Vermishev: "Congress of Vaynakh Communities 'Moved' From Moscow to Petersburg; Leadership Guarantees That This Action Will Not Lead to Complication of the Internal Situation in the Northern Capital"]

[FBIS Translated Text] "For a year-and-a-half, the Russian state authorities—in violation of all international standards, agreements, pacts and conventions which they recognized—have been engaging in unprecedented genocide against the Chechen people. The victims among the peaceful population are numbered in the tens of thousands, and the refugees—in the hundreds of thousands. All the vitally important objects of the Republic's infrastructure have been totally destroyed. Its cities and villages have been turned into cemeteries. The ecological catastrophe is clearly apparent."

This was the resume given by the 5th Congress of the Vaynakh Diaspora of Russia, which was held in recent days in Yaroslavl. For Petersburg this event is of specific interest, because a decision was adopted to transfer the staff headquarters of the congress from Moscow to the banks of the Neva. The current head of the St. Petersburg Society for Russian-Chechen Friendship, Deni Teps, was elected president of the RF Congress of Vaynakh Communities.

At a meeting with journalists in the Russian-American press center, Mr. Teps commented on the decision of the congress to "move" to Petersburg in the following manner: "The representatives of the Chechen diaspora no longer want to be under pressure from that part of the state nomenclature—Mr. Avturkhanov, Zavgayev, Khadzhiyev—who, specifically, are the ones who unleashed the bloody war in Chechnya. According to the president of the congress, today there are more than half a million Chechens and Ingush living on the territory of Russia. 300,000 of them lived here even before, and the other 200,000 are refugees from the zone of combat operations.

"The foreign borders of the Russian Federation are closed to the Chechens. Therefore, as paradoxical as this may seem, in most cases they are forced to seek refuge on the territory of the country which is engaging in criminal genocide in regard to the Vaynakhs," Mr. Teps is convinced. In the opinion of the president of the congress, the obvious traits of such policy may be seen, specifically, in the announcement by Mayor of Moscow Yuriy Luzhkov, who promised to "clean up" the capital of Russia from persons of Chechen nationality. "If the judicial authorities had the proper weight and influence in the Russian Federation," stated Mr. Teps, "the RF Prosecutor General's Office should file a criminal case against Yuriy Luzhkov for inciting national enmity. Especially since the 'Chechen trace' in Moscow history has still not been confirmed by specific proof."

Despite the fact that, under current conditions, the representatives of the diaspora are counting on effective cooperation with international organizations (CSCE [Conference for Security and Cooperation in Europe], the European Council, the UN, and the International Tribunal in the Haague) more than on cooperation with the federal authorities, Mr. Teps expressed his confidence that the leaders of the congress will be able to find a common language with the Governor of Petersburg, as well as with the top leaders of the city UVD [Internal Affairs Administration], FSB [Federal Security Service], and other state and power structures of the northern capital. In the opinion of Mr. Teps, the restrained and intelligent "character" of the city on the Neva and its inhabitants make it possible to hope that such dialogue will occur. Especially since the Chechen diaspora in Petersburg has always demonstrated its sincere readiness for cooperation with the city authorities on all questions which in one way or another affect the interests of the local Chechens and forced migrants from the Republic which has been gripped by the bloody war (today there are between 8,000 and 12,000 Chechens and Ingush living in Petersburg).

Appraising the latest "political statement" made by Salman Raduyev, who perhaps has ascended from hell, the president of the congress expressed the hope that such "leaders" will never define the "face" of the Chechen state, regardless of whether Chechnya will remain within the complement of the RF [Russian Federation] after conclusion of the war, or whether its people will adopt the decision to secede from Russia.

"For us it is extremely important to restore peace in the Republic, and to put an end to the fratricide. All the vitally important questions of the internal arrangement of Chechnya must be regulated by peaceful political means, without application of or pressure from the Army," stated Dani Teps.

Furthermore, he announced that the 5th Congress of Vaynakh Communities of Russia has adopted the decision to deem unlawful and invalid all of the so-called "elections" held in the Chechen Republic in the period from December 1994 through the present time. At the same time, as is apparent from the resolution adopted by the congress, the latter "condemns all forms of terror-

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ism, and primarily state terrorism as the original cause" (of retaliatory terrorist acts.—A.V.). "We are calling upon and appealing to social and political organizations of the Russian Federation, and to the representative and legislative agencies of state power of subjects of the RF, to take the necessary measures in the order of legislative initiative for influencing the federal authorities, so as to immediately put an end to the military conflict in the Chechen Republic," states the congress resolution.

Russia: Novosibirsk Foreign Trade Reviewed

964F3096A Novosibirsk SOVETSKAYA SIBIR in Russian 20 Jul 96 p 1

[Unattributed article from Novosibirsk Customs press service: "The Barrier Is Getting Stronger but the Commodity Turnover Is Growing: Results of the Work of Novosibirsk Customs Summarized"]

[FBIS Translated Text] There were 7,336 freight customs declarations processed in the period in question. At the same time, the commodity turnover of Novosibirsk Oblast with foreign countries amounted to $431.7 million. This is 30.7 percent more than in the first half of 1995. And exports exceeded imports by $8.1 million. Foreign trade operations were carried out with partners from 75 countries of the far and 11 countries of the near abroad. Major trading partners among the countries of the far abroad included Kuwait, China, Germany, and the Netherlands, whereas among the countries of the near abroad they were Kazakhstan, Ukraine, and Uzbekistan.

The volume of the commodity turnover in barter deals was $24.7 million. The share of such deals in the total commodity turnover declined by 4.5 percent in comparison with the same period of 1995.

A basis of exports was the production from the machine building complex and amounted to 24.3 percent of the total volume of exports. Foodstuffs and raw materials for their production accounted for more than one-third (38.2 percent) of the structure of imports. Most active among the categories of participants in foreign economic activity are Russian joint-stock companies, whose export-import operations amounted to 50.6 percent of the total commodity turnover.

Over the six-month period, Novosibirsk Customs transferred about 140 billion rubles [R] to the federal budget and more than R15 billion to the nonbudgetary development fund of the customs system. The sale of confiscated goods yielded R1.3 billion. There was a loss of payments of about R12 billion in connection with the abolition of the customs export duty and the excise tax on some kinds of commodities and the repeal of the special tax. In addition, exemptions were granted on customs payments in the amount of R15.8 billion, which is 11 percent of the payments exacted.

One of the main directions in the realization of the set tasks of the law-enforcement sections of the Novosibirsk Customs was the strengthening of interaction with the law-enforcement structures of the city. Thus, in mid-March, they successfully carried out the operation "Sakvoyazh' [Traveling Bag], in the course of which they held back goods in the amount of R2.1 billion. The investigation is finished and the goods have been confiscated. In the scope of the operation "Nevod" [Sweep Net], one of the special services of the city realized an operational information with respect to an inexact declaration by a physical person on a consignment of "Cadillac" cars. Criminal charges were filed against the manager of the firm.

Altogether in the first half of 1996, staff members of the Novosibirsk Customs handled 904 cases of violations of customs rules, of which 315 had to do with physical persons. They exacted fines of more than R1.7 billion. Goods and the means of transportation in the amount of R2.5 billion were confiscated.

They confiscated from criminal circulation 2.217 kg of narcotics and more than 5,000 powerful tablets. They uncovered such narcotics as opium, poppy straw, and marijuana that people attempted to bring into the zone of responsibility of Novosibirsk Customs. Criminal cases were initiated on the facts at hand. Altogether the customs was forced to file criminal charges on 76 illegal actions.

Russia: Local Scientists, Brain Drain Profiled

964F3204A Novosibirsk VECHERNIY NOVOSIBIRSK in Russian 9 Aug 96 p 7

[Article by Anatoliy Ablazhey, candidate in philosophical sciences; Arkadiy Putilov, candidate in biological sciences; and Yuriy Plyusnin, doctor of philosophical sciences: "What Is Siberian Science Living On? Wages of Scientists at Academic City Today Lower Than Average for Novosibirsk"]

[FBIS Translated Text] It is no secret that, under current conditions, science, which at one time was the source of our country's pride, has become a poor orphan. Beginning with 1992, the state has consistently been reducing the volume of funds directed toward maintenance of science, turning the scientists, as they themselves bitterly joke, into proletarians of intellectual labor. All this is most painfully perceived in the Novosibirsk Akademgorodok [Academic City], one of the largest scientific centers in the world. The sociological survey conducted in June of this year through the efforts of associates of

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the RAN SO [Russian Academy of Sciences Siberian Department] Institute of Philosophy and Law and the Center for Social Agitation and Advanced Cadres Re-Training (TsSA) dealt with an analysis of the processes taking place today in the academic community of the Novosibirsk scientific center (NNTs).

The survey was conducted among 565 persons—one in ten scientific associates of the Novosibirsk scientific center, among which there were 83 doctors of sciences, 279 candidates and 203 scientists who did not hold a degree. The questions posed to the survey participants dealt with a broad circle of problems. However, in this article we will limit ourselves to an analysis of the material status of the scientists and the problem of the "brain drain" abroad.

Material Status of Scientists

As expected, wages earned at the institute comprised most of a scientist's total income. This was indicated by an average of over 90 percent of the respondents. If we consider the fact that today the highest wage rate at the academic institute does not exceed an average of 600,000 rubles (R), which, moreover, are paid out in an extremely irregular manner, it is not difficult to understand the level of well-being of the average statistical scientific associate today. Second in significance are grants from domestic and foreign scientific funds. On the average, somewhere on the order of 50 percent of the scientists indicated this source of income. Most of them were doctors of sciences, as well as young researchers. (However, we should not forget that the grant system does not allow planning of long-term studies, depriving the scientist of long-term perspective, and based on this fact the attitude toward grants in the scientific community is far from synonymous). The doctors and young people are first in volume of income received from contracts with foreign partners, which clearly indicates which categories are most in demand today on the world intellectual labor market.

If we speak on the whole about all the existing forms of earnings of scientists, the older and more well trained the scientific associate, the greater the relative share of traditional types of supplemental earnings, such as teaching, in his income. And on the contrary, the younger the scientific associate, the greater the role of income from entrepreneural activity.

Interesting results were obtained in the analysis of the factors which today most greatly distract the scientist from engaging specifically in his scientific activity. The most productive generation in the scientific plane—the group ranging from 36 to 50 years of age—believes that the primary factor is "the search for money for sciences from various sources." The "non-degreed" scientists of older age, as one might expect, define this as the "need to work at the dacha [country cottage] land plot," which is not surprising considering the amount of wages paid at the institute and the impossibility of earning money by other means. The young scientists, for whom a rather significant factor has become entrepreneurship and commercial activity, find themselves in a more expedient situation, first and foremost thanks to their energy.

The distribution of the scientific associate's budget shows that his material status is significantly below the citywide average. According to the data of a sociological survey conducted by the Department of Economics and Perspective Development of the City under the Novosibirsk mayor's office, the structure of monetary expenditures of even an average family in the first half of 1995 (exactly a year ago) is significantly better than that of the scientist's family at the present time. The scientist's family spends up to 59 percent of its income on food, while city residents last year spent 42 percent for this purpose. Expenditures on non-food commodity items comprise only 12 percent in the former case, while on the average for Novosibirsk they comprise 22 percent. Serious differences in the living standard are clearly not in favor of the associate of the Novosibirsk Scientific Center, but they correspond to reality: Sovetskiy Rayon has the lowest level of average per capita income in the city. Once again, only the doctors of science feel comparatively prosperous. They spend the least on food (without detriment to its quality), but the most on everyday consumable items, leisure activities, recreation and culture (which is usually an indicator of a high quality of life).

The distribution of scientists' appraisals of their own standard of living showed that 39 percent believe themselves to be living below the average level, while one in four—25 percent—appraises his living standard as being "close to the margin of poverty." Only 3.4 percent of the associates of the NNTs believe that their living standard is above the average. Thus, almost 2/3 of the scientists have, according to their own appraisal, a low standard of living, and this corresponds to the real state of affairs. We may rightfully speak of the impoverishment of highly skilled workers.

The greatest percentage of persons who stated that their living standard was below the average, or altogether close to the poverty margin, were those scientific associates who did not hold a degree—altogether this comprised around 78 percent. Those who believed that they had stepped over the average level and had become sufficiently provided for comprised only 2 percent (it is true, among candidates there were even fewer

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of these—only 1.8 percent). According to their own appraisals, doctors of science living at an above-average standard now numbered 12 percent. The comparison of the number of doctors of sciences, scientists who did not have a degree and candidates who considered themselves to be poor was interesting: Among the doctors, 3.6 percent ascribed themselves to this group, but among the other categories—38 percent.

If we try to draw generalized sociological portraits of the most successful and the most poverty-stricken scientific associate, we obtain the following picture. The prosperous one is, as a rule, a doctor of sciences, rather young, with fairly good housing conditions, who receives a comparatively large salary at the institute, and teaches in a VUZ [higher educational institution] closely associated with domestic as well as foreign scientific funds and business partners. He successfully combines the energy of youth and a high level of scientific training, and is in demand on the market.

The poverty-stricken one, as a rule, is relatively young or, on the contrary, a man of years, usually without a scientific degree, who has poor housing conditions, whose basic source of income remains the institute salary which is paltry by today's standards, and who is forced to spend most of his time working in his garden plot.

International Migration of Scientists and the Problem of the 'Brain Drain'

The brain drain from Russia is a phenomenon whose age comprises more than one decade. However, it has become possible on a mass scale only in recent years. A number of questions which were posed to the scientific associates in the course of our study directly dealt with this problem, and made it possible to judge how this problem is viewed by the academic community itself and by individual scientists.

All the surveyed respondents were asked to appraise the degree of influence of the "brain drain" on the state of affairs at the Novosibirsk Scientific Center.

Only 12 percent of those surveyed believed that the scope of the problem is too small, and that it has no real influence on the state of affairs in science. There were many more of those who believed that the "brain drain" is taking on significant proportions. At the same time, this is not yet having a significant influence on the life of the scientific community of Akademgorodok. Almost half of the respondents cited the drain of minds and ideas abroad as the main negative tendencies currently observed in the Novosibirsk Akademgorodok. Specifically, 58 percent of the women noted this fact, 57 percent of the young scientists and 52 percent of the "non-degreed" researchers. Almost 30 percent of the scientists view the problem of the "brain drain" as being ruinous to the existence and development of the scientific community.

In response to the question: "If you had the opportunity, would you go to work abroad?", scientists appraised their own migration intentions. The distribution of responses does not correspond to the customary notions and expectations. There were very few of those who would leave forever—less than 5 percent. Moreover, the percentage of such respondents turned out to be even lower among the doctors of sciences, as well as among those who already had experience of even short-term work abroad or who work in the field of the fundamental sciences (3.5 percent). On the other hand, on the whole almost 30 percent of those surveyed responded that they would not like to work abroad. However, among those who have already worked there, there were comparatively few such responses—13 percent. Even fewer—only 9 percent—such responses were obtained from the young scientists (under 35 years of age). However, such people comprise the majority among scientists over 50 years of age and doctors of sciences. On the whole, however, over 1/3 of those surveyed are ready to work abroad for a year or two, and approximately the same number—for a shorter time.

Based on an analysis of the data, we may presume that in case of further decline in domestic science, the rate of the "brain drain" may significantly increase due to the rather numerous cohorts of scientists who are already today ready to remove themselves from their "familiar places" to try out their efforts in the West.

What is it that motivates our scientists to go abroad for work under contract? Both those who had previously worked there and those who had not cited as their main reason the opportunity to improve their material position—over 95 percent of those surveyed. It is interesting that over half of the male respondents indicated one other factor—the decline in prestige of scientific labor in Russia. The majority of women, on the contrary, believe otherwise: For them the motivating reason for the trip, aside from material reasons, was also professional interest.

As we might expect, most of those who had worked abroad previously were men—doctors of sciences. As a rule, they hold high positions, orient themselves toward fundamental science and appraise their results according to the world level. They see more prospects for themselves as well as for the Novosibirsk Scientific Center on the whole: Naturally, they are more often financed at the expense of foreign grants and contracts.

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According to widespread opinion, the services of our scientists are rarely appraised by foreign employers for their true worth, and they often have to perform the most demeaning work. However, of our respondents, less than 4 percent (only women without an educational degree) believe that they had to make do with second-rate roles in the foreign scientific collective. On the contrary, 7 percent reported that they acted in a leadership role. The overwhelming majority of those surveyed (86 percent) pointed out that they considered themselves as equals with their colleagues.

An appraisal of the level of training of our scientists as compared with their foreign colleagues gave somewhat unexpected results: Only slightly over half (57 percent) of those who had worked abroad believe that the level of training of our scientific associates is about the same as that of their colleagues abroad. Yet 43 percent stated that the level of training of our scientists is higher than those abroad. Not one (!) person who had worked abroad noted that our training was worse than the training of his foreign colleagues.

At the same time, over 2/3 of the scientists (69 percent) admitted that the organization of science abroad was more effective for the development of fundamental research. Well, and it is especially effective for development of applied research (91 percent of those surveyed), as well as for the practical realization of scientific-innovative projects (95 percent).

In analyzing the character of these, as well as other responses, of the scientists, we may conclude that even with retention of the current tendencies of development of science, we should hardly expect a sharp increase in the wave of migration of scientists abroad. Although the potential for activization of this process at the Novosibirsk Scientific Center is great, the real possibilities for departure to the West are nevertheless limited. On the other hand, it is unlikely that all the intellect concentrated at the NNTs will be utilized in the next few years. So that a continued "brain drain" is inevitable. It is unlikely that anyone will be able to state with assurance that it will be better for the scientific community of Akademgorodok if the unutilized intellect leaves science altogether, and goes, for example, to the sphere of entrepreneurship and commerce.

Russia: Factory Directors Share Economic Outlook

964F3110A Novosibirsk SOVETSKAYA SIBIR in Russian 23 Jul 96 p 2

[Article by A. Yugrina: "Defense Industry Sounds the Alarm"]

[FBIS Translated Text] 8 July was truly black day for 20 enterprises in our oblast. Since that day production at them has been wholly or partially stopped (from 60 to 90 percent). Factory shops were vacated quietly and in almost creepily familiar fashion. For two months 31,000 people will not work. And what then?

The plants did not come to a halt all of a sudden, or by accident. For several years now their directors have been sounding the alarm and writing appeals to officials at various levels—from local authorities to the government. The directors are not merely sounding the alarm over their grave situation, they are proposing measures for getting out of the crisis. In reply they get promises, orders and even edicts from on high. And only some of them are well implemented—the ones that are aimed at tightening the collection of taxes. So what is this, if not the destruction of industry?

A group of executives of defense-industry enterprises has made yet another attempt to at least slow the decline, if not stop it. They have sent an appeal to the oblast soviet deputies and the oblast administration in hopes that this time not only will their voice be heard at the local level, but action will taken.

Anatoliy Pavlovich Sychev, chairman of the oblast soviet, held a conference with plant directors in which Yu. A. Nesterov, director of the oblast administration's main planning administration, A. N. Yakovlev, chairman of the committee on industry, and oblast soviet deputies participated.

The Country Is Heading Downward

Here is the opinion of B. Galushchak, general director of the Instrument-Making Plant Industrial Association:

"The situations of the country's regions are, at first glance, different. Seventy-two of them receive state aid. Novosibirsk Oblast, which got the added name 'red' after the elections, receives no subsidies. But even the subsidized regions have the same problems that we do. That is clear from the statement of the Association of St. Petersburg Industrial Enterprises that is aimed at surmounting the crisis.

"And when someone from Chernomyrdin's team speaks of growing stabilization, I don't believe it. The country is heading downward, but it has not yet reached the bottom. The situation of the 20 largest enterprises in Novosibirsk Oblast indicates that we have been left with no reserves whatsoever. And that's not just vacations. There are no working capital, no raw materials, and no other materials. Some enterprises have wage arrears dating back to last December.

"The first enterprises to have folded are those whose products had a high level of research-intensiveness. Our

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plant used to make laser technology, while today we make juicers. We left high technology for the simplest production on the level of the 1920s.

"Or take the Ekran Plant, for example. There were three such plants in the Soviet Union. They made the 'heart' of research-oriented products: electronic optical transformers. Today Ekran produces bottles and, thanks to them, survives.

"The situation in which the country's industry finds itself is the result of the lack of a general concept of reforms. There is not any life-affirming concept of the industrial complex at the oblast level, either.

"On the eve of the reforms the defense industry accounted for 80 percent of production volume. This is the third year running that the production and sale of consumer goods have been declining. Why? The answer is simple: tax policy operates according to the principle: take everything from enterprises today, and tomorrow the hell with them.

"Presidential Edict No. 685, 'On the Improvement of Tax Policy,' has been promulgated and is supposed to take effect as of October 1996 or January 1997. This document spells out conditions that will raise the prices for our goods 1.5-fold, which will make our products uncompetitive.

"Some people say that is the lot only of enterprises in the military-industrial complex. But the plants producing consumer goods have been the first to die. Vega is the most instructive example of this. Arguments that its radio products could not withstand competition from Japanese and Korean products in terms of their technical parameters are wrong. Together with Vega, the instrument-making plant made about 2,500 laser sound recorders. This most unique piece of equipment is better than Japanese equipment by several orders of magnitude. But our laser player died along with a shop with an extremely high technological culture, along with the plant, since the total of tax, energy and transportation costs, licensing and communications costs results in a unit-cost that cannot withstand any market.

"Penalties and fines contribute to this. For example, in May our plant could not pay 1.3 billion rubles to nonbudgetary funds. And penalties and fines increased our debt to 10.5 billion.

"The executives of defense enterprises are somehow managing to hold on at the minimal level. But the time has come when it is impossible for each of them to fight separately for its life. What is it not yet too late to do?

"Each collective has a business plan. They await financing. That requires the creation of a defense-industry conversion fund. The directors are placing great hopes in the implementation of an agreement between the Ministry of the Defense Industry and the oblast administration. Tax offsets within the oblast are also providing a breathing space until the government makes adjustments in its policy. The charging of penalties and fines must be stopped, since the government is not settling for state orders that are filled. Otherwise an enterprise cannot live."

Forgive or Freeze?

A. N. Yakovlev, chairman of the oblast administration's committee on industry, set forth his views:

"Similar appeals have been received from a group of executives of MARP [Moscow Agency for the Development of Entrepreneurship] enterprises. Letters have been received from the directors of light-industry and textile-industry enterprises. Questions are raised about the property tax, the territorial highway fund, and the freezing or forgiving of penalties and fines for 1994-1995, including questions about the currency exchange-rate corridor and foreign economic activity.

"In July most enterprises shut down. Some 31,500 employees will not work. That is 15 percent of the 213,000 employees in the oblast's industry. That means we won't receive about R14.5 billion for budgetary and nonbudgetary funds. The question that has been raised about the property tax is a complicated one for both the budget and the enterprises. An analysis of 1995-1996 shows that, for a group of 20 enterprises, the property tax for 1995 came to R14.8 billion. The enterprises' profits for the same period came to R13.7 billion from sales. At the rest of the enterprises, the situation was better for some, worse for others. Some have no profits from sales, only losses. In general the figures indicate that a heavy burden is connected with an increase in losses in connection with the over-appraisal of fixed assets.

"Enterprises will not operate in July and August because of a lack of working capital, a great difference between accounts receivable and accounts payable, and insolvency. As of the present moment, virtually no money is coming into the city and oblast budgets. Therefore, in just a month wage arrears have risen 1.5-fold in industry.

"Granted, the arrival of the president and a group of government officials gave rise to certain hopes. For example, we will start to put the IL-114 into production at the Chkalov Plant and enlist a number of enterprises in producing components. But that is a matter for the future, possibly the distant future. Guarantees, promises and studies exist with regard to putting a mini truck into

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production at Sibselmas and financing a subway. But all that is also in the future. For now, no finances are being received. The reports of the Accounting Chamber and State Duma deputies are upsetting, in that 72 regions have received additional money but Novosibirsk Oblast has not received a kopeck. Neither for paying teachers wages nor for paying the debts owed to enterprises in the military-industrial complex. And according to our estimates, the direct and indirect debts to enterprises for end 'products' amount to R304 billion. Payments for mobilization capacity and defense-industry conversion programs have not been financed either last year or this. Although proposals have been accepted and the programs considered and approved.

"Tax collections for the oblast's industry came to 53 percent.

"Together with the administration for financial and tax policy, we have studied documents. The administration is inclined to consider the freezing or forgiving of penalties and fines for a group of enterprises for 1994-1995. We expounded our position to the effect that the property tax can be rightfully considered. But there is a problem: there is already a gaping hole in the oblast's budget.

"So, we are still losing R40 billion.

"An agreement has been signed with the Ministry of the Defense Industry and the oblast administration. The months of May through July have passed. Orders have not been received. There is no money. Some enterprises have been promised that they would receive bills of exchange for settlements for state orders. But losses have been rising with those bills of exchange.

"The oblast administration has prepared and turned over to the oblast soviet measures for developing the principles of an industrial policy in which we recommend that the questions of tax, financial and investment policy be considered. But even that will not solve all the problems, given the limited nature of the legislative field in Russia, without a change in the country's tax policy, when there is no investment in conversion programs, when settlements for filled state orders are not made on time, and when there is no reorganization fund. And in our oblast Vega and Sibtekstilmash have already entered bankruptcy. On 20 August it will be a half year that Sibtekstilmash has been under outside management, and its property will have to be sold. Outside management has not brought any improvements. The Russian Federation Reorganization Fund hardly exists. Only about R300 billion has been provided for all Russia. We urgently need 200 billion for Sibtekstilmash alone. We can set matters straight if an edict on state enterprises is issued, and Sibtekstilmash is divided into two parts. Vega stands idle. The new outside manager is preparing a program as to what must be done and how to get out of the difficult situation.

"The situation is made worse by the fact that money is needed for acquiring fuel oil and for repair work to prepare for winter. Siberia is Siberia. And it is necessary to prepare in such a way as not to defrost the system. During this period there have been active letters, edicts and orders to industrial enterprises from the Ministry of the Defense Industry to draw up a strict schedule for turning departmental housing stock over to the local soviets. The heads of administration object: 'Without the appropriate financing, we won't take action.' And that is 3.3 million square meters. Outlays for maintaining departmental housing stock will come to R260 billion in 1996."

There Is Still Hope

From the remarks of Yu. A. Nesterov, director of the oblast administration's main planning and economic administration:

"Enterprises are dying for a lack of working capital, high unit costs and a lack of orders.

"Therefore, we must provide them with decent amounts of orders. That includes the technology park and mini trucks, where not so many, but at least five of our enterprises will receive orders. A decent program involves energy-conserving technologies for oil production and extraction. The head of administration has signed a letter to Chernomyrdin and Burneftegaz asking that the manufacture of the whole array of equipment for energy-conserving technologies for oil extraction be given to enterprises in our oblast. It's not money we're asking for! The technology will make it possible to raise oil production from each well by 30 to 80 percent. It's this span between projected extraction and actual extraction, obtained using the new technology for five years, that ought to be turned over to the oil producers as a sale, provided it is used for implementation of the program and its use for that purpose is monitored. The cost of the program is $183 million. That is one area that is aimed at the future.

"I'm confident about the technology park, and there are no doubts about the mini trucks. Great hopes are being placed in the oil producers. But the whole problem is that when the time comes for issuing the technology-park and mini-truck technologies, and when the question is decided involving the oil producers, there will simply be no one to manufacture all this equipment. Our task is to reduce the unit-cost of output. Let's suppose that the technology park produces incredible import-replacing technologies, yet the tax press and the

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currency exchange-rate corridors will cancel out our attempts to resuscitate production. The price again will become prohibitive. There is hope for the agreement, since it is precisely what contains the mechanism for resolving questions and problems on the level of the oblast, State Duma and Ministry of the Defense Industry.

"The Novosibirsk defense industry is not just all Russia. Absolutely special conditions prevail here. Our oblast is made up of the defense industry. The directors are right in saying that all of our other branches are down on their knees because the defense industry is down on its knees."

Live This Way, Or—?

One indisputable fact emerged and came to the foreground from the remarks of the conference participants: industry is shifting from being departmental and state industry to being regional industry. For so far just one problem is being addressed on the government level—taking revenue for the center by any means possible, up to and including the sale of enterprises, which is to say their liquidation.

And the fact that there are grounds for such a conclusion is confirmed by the 31 May 1996 order approving procedures for organizations to repay their debts to the budget and nonbudgetary funds. The document is signed by the Russian Federation State Tax Service, the Ministry of Finance, the Federal Tax Police and the Federal Administration for Insolvency (Bankruptcy) Cases.

According to that order, the oblast tax service, by 15 July, was supposed to have sent all materials involving debts exceeding R20 billion to the federal agency, and all materials involving lesser debts to the territorial agency. This means that practically our entire defense industry falls under the definition of bankruptcy.

It is intended that the debtor enterprises sign contracts with the federal or territorial agencies concerning their obligations to repay their fiscal debts. There will be deferments of payments. But only if an enterprise mobilizes its assets for the sale of property not used in production, concentrates its financial assets in a single settlement account, increases its sales of output, reduces barter operations, and institutes moratoriums on wage and salary increases. And, furthermore, also meets the schedule for repaying its debt.

All of the envisaged measures are no less that a presale situation, or "dismantling" and liquidation of the enterprise. You may call it whatever you like.

A. A. Kiselnikov, deputy to the oblast soviet, quite succinctly characterized the situation and the prospects: what is involved is the destruction of all production potential. Therefore, we must realistically count on our own forces.

Are the oblast soviet and oblast administration capable of undertaking the resuscitation of the industrial complex and of solving the problems of structural policy? Although the opinion exists that it is impossible to build a paradise in one separate oblast, we must strive for that. And here we have to make do with what we've got.

Anatoliy Pavlovich Sychev is more optimistic. He assured that the problems of the industrial complex would be discussed in the next session of the oblast soviet.

Russia: Changes in Local Consumer Market Assessed

964F3208A Novosibirsk VECHERNIY NOVOSIBIRSK in Russian 12 Aug 96 p 3

[Article, on "Consumer Market" page: "Capital Is the First To Arrive"]

[FBIS Translated Text] During the past half-year the consumer market has been characterized by a sharp increase in company trade and the appearance of new forms, for example, the sale of commodities on credit. An overall increase in the number of enterprises was noted for the first time. Today the retail network has almost tripled as compared with 1993. Out of 2100 commercial retail enterprises, 936 provide the city with food products and 694 provide it with manufactured goods. A total of 98 company stores, 27 restaurants, 51 bars, and 70 snack bars have been opened. The small-scale retail network consists of more than 3000 kiosks, 2000 stalls, and more than 50 summer cafes. The number of the latter during the past half-year practically doubled. Enterprises have been springing up almost daily, making people happy both by the variety and the services provided, and, something that is of no small importance, by the excellent packaging, basically company packaging.

The competition of Western food products and manufactured goods has been encouraging the development of contract relations between the local trade system and our commodity producers. More than 60 contracts of cooperation between retail trade and wholesale enterprises have been concluded and are in effect.

The permanent suppliers of food products include the Siberian Sugar Company and the Siberian Salt Company; the "Rusich" OAO [publically held joint-stock company]; the "Pepsi-kola" [Pepsi-Cola] plant;

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"Novosibirskkhleb," and the "Chemskoy" OAO. Large-scale processing enterprises that were on the point of taking off on an independent cruise are today providing the city stores actively and regularly, on the basis of contracts of cooperation, with fish, meat, and diary products.

There is flexible and creative cooperation between the city administration and the companies that are delivering goods produced by world-famous producers of household appliances, electronic equipment, clothing, and shoes. As a result of this work, the "Yevropa" [Europe], "Simens" [Siemens], and "Stival" stores have appeared in Novosibirsk. And the consumer-market and services administration concluded with the "Zolotoy Vek" [Golden Age] company a contract concerning the sale of goods on credit, primarily to retirees, and on an interest-free basis. Whereas previously there was a certain lack of understanding between the mayor's office and the entrepreneurs, today the dialogue is productive and mutually advantageous.

The municipal production order in trade proved to be the most effective lever that served as the fulcrum for the commercial branch. Trade that is being monitored and guided leads the market to civilized relations.

Simultaneously the municipal enterprises are being preserved. And although there are no more than 90 of them today, they offer goods that are in everyday demand, and absolutely continuously. While retaining the status of municipal enterprises, such stores as "Zolotoy Kolos" [Golden Ear], "Urozhay" [Harvest], and GUM [State Department Store] provide everyone with the necessary variety in their group, thanks to contract relations with the suppliers and the municipality.

Thanks to all of these measures, the trade enterprises execute more than 70 percent of the turnover with output produced by local producers.

Something that requires special discussion is the providing of products to the trade centers in the city's rayons. According to the results for the half-year, the largest density today is in Tsentralnyy Rayon — 351 square meters of trade space per 1000 inhabitants, with a norm of 270 square meters. The smallest density is in Pervomayskiy Rayon, where that indicator is 212 square meters. The density of trade enterprises is the possibility for the people of Novosibirsk to purchase all the necessary goods.

And although this indicator does not include the mini-markets, it is specifically those enterprises, especially in the remote rayons, that help to provide the population with everything that is needed.

From January through June, company stores were opened up in the city once again. They have already become our city's visiting card — "Zolotoy Kolos," "Adidas," "Yevropa," and others. The department store on Ulitsa Lenina has become the first real supermarket with proper service, variety, and labeling, in a word, with everything that promotes company trade.

For the first time this year the Committee for the Protection of Consumer Rights began applying the statute governing the confiscation, storage, and destruction of products that are dangerous to the citizens' life and health.

For example, the Dzerzhinskiy Rayon commission, during an inspection of the "Vostochnyy" [Eastern] mini-market, during one day alone confiscated tens of kilograms of meat, peaches, cucumbers, watermelons, and other products. The products were recycled. During the half-year as a whole, the committee reviewed 7072 statements, with 90 percent of them dealing with instances in which the consumers' rights were protected. A total of 446 million rubles was returned to consumers. Use was made of penalty sanctions for violating the Law on the Protection of Consumer Rights and the rules governing trade, for a total of 260 million rubles.

The implementation of the directive from the mayor's office is providing a considerable amount of assistance in stopping the violations of the trade rules and bringing additional funds into the budget. "KP,34" has already named certain enterprises that were in debt to the city budget. Incidentally, they are enterprises that in debt to the budget at all levels, but it is specifically these enterprises that hit the city's pocketbook especially hard, by hampering, among other things, the formation of budgets for the socially protected programs, and the wage funds for workers in public health and education.

Therefore the mayor of Novosibirsk signed directive No. 2298-R concerning the measures to reduce the indebtedness with regard to payments of taxes into the city budget. According to the directive, the following measures have been called upon to reduce the indebtedness and improve the collection of taxes, and, consequently, to supplement the budget: the auditing of the accounts and the correctness of payment of taxes by commercial-middleman and trade organizations; monitoring of the financial mechanism of the operation of wholesale and retail markets, the retail trade system, and, especially, the small-scale retail network, and the receipt of income from the leasing of areas of land, nonhousing facilities, and municipal property as a whole.

The department of economics, investments, and industrial policy; and the administration of finance and tax policy; jointly with the state tax inspectorate, make a

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study every month of the results of the work to reduce the tax arrears and to attract income into the city budget.

One of the recent sessions of the city's administrative commission was devoted to resolving specifically this task. It reviewed the files pertaining to the companies that violate the trade rules, that do not execute the sanitation or other requirements, and against whose activities there have been complaints. It is paradoxical, but a fact, that those who operate without invoices or way bills, and consequently operate casually and seemingly are concerned about their own pocket, have an extremely casual attitude toward similar violations that result in penalty sanctions. If is for reason that during this session, Nadezhda Sudareva, deputy chief of the Consumer Market and Services Administration, exclaimed, "Am I really supposed to believe that it is cheaper for you to pay a fine of 50 minimum wages, than to work according to the rules?"

A second paradox lies in the fact that the violators include experienced and even very experienced trade workers.

The first visit — by Galina Kuzminichna Yevtyukhina, director of "Rossiyanka" [Russian Woman] TOO [Ltd.] — confirmed that. The store, which at one time had been one of the stores in the Dzerzhinskiy trade center and which is very popular among the residents of the housing area around Ulitsa Selezneva, has fallen into disgrace... in the eyes of the store workers. Cobwebs in the corners, fly-infested half-empty shelves, dirt, and dust. A heap of complaints in the book, and all of them unanswered. For some reason the director, who had been called in to give an explanation, could not give any information to the commission either about the volumes of commodity turnover, or the amounts of profit and loss.

The commission meted out a strict verdict: review the possibility of the further operation of the TOO in those leased facilities.

That means that possibly the sales persons, with their counters will soon find themselves without a store. Will they do business on the street? One would scarcely think so. There too they will be inspected, just as the "Kovan" OOO [limited liability company] was inspected, and was fined 25 minimum wages; as well as the "Anturiya" company, the Kazantsev IChP [individual private enterprise], and others. During one session of the city administrative commission alone, 17 enterprises and private entrepreneurs were fined a total of more than 6 million rubles for concealing income.

Russia: Pollution's Effect on Novosibirsk Detailed

964F3149A Novosibirsk VECHERNIY NOVOSIBIRSK in Russian 2 Aug 96 p 6

[Article by Tatyana Asadchaya: "Good Health to You, Beloved City!"]

[FBIS Translated Text] Novosibirsk at night is like a chronic asthmatic: something is wheezing and gurgling in its chest; it has a stitch in its right side; from time to time it grunts and coughs, and then it continues its restless sleep. As usual, its awakening is loud and full of commotion. And then a long day stretches out that does nothing to improve its health.

In the past few years a group called EKOS (Ecological Control of the Environment), located at the Institute of Chemical Kinetics and Combustion of the Russian Academy of Sciences' Siberian Division, has been monitoring the physical condition of the city. Last year EKOS got a unique piece of equipment, which the scientists "installed" on the wheels of a field vehicle. Now they can use this "thermometer" (that's what they jokingly call their Ural truck with its electronic innards) to measure any point of the city and its outskirts. They are the ones who have confirmed the diagnoses made by official structures concerned about the ecological situation: yes, the city really is sick. And even sicker than stated by the State Committee for Hydrometeorology and Environmental Control or the Center for Environmental Monitoring. In those agencies' opinion, Novosibirsk is one of the country's 85 cities with high levels of environmental pollution. It is believed that the main polluters are industrial enterprises. It turns out that those claims are far from the truth.

My Car, My Enemy

The Greens movement, as we know, has its roots in the 1950s, when industry began to develop rapidly in the West. That was when the phenomenon of "London smog" was discovered. Scientists established that the increase in the mortality rate among Londoners was directly proportional to those smog situations. Politicians took up the problem. Since that time industrial wastes in the developed countries have been discharged through very high smokestacks, hardly entering the layer of air near the earth at all.

Yet some 20 years ago scientists grew concerned about a new phenomenon: on a clear summer day a brownish smoke suddenly appeared over Los Angeles. And once again this unpleasant atmospheric phenomenon started to affect the health of the city's residents. Scientists' observations demonstrated that this phenomenon was the

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result of automotive exhaust. The West has drawn the appropriate conclusions: unleaded gasoline has started to appear in cars, and special ignitions have started to be made. Unfortunately, we are just beginning to recognize the full tragedy of smog situations.

The EKOS group's first expeditions with their own "thermometer" shocked Novosibirsk scientists. In December they measured a sector on Krasnyy Prospekt at Frunze Street. It turned out that 95 percent of the emissions were produced by motor vehicles. What the measurements showed was elementary: at night motor vehicles leave the streets, and the air immediately cleans up, almost to the level of the suburbs.

The foreign "whim" about pedestrian zones is now perceived in a totally different way. Sergey Pashchenko, director of EKOS, explains that such a pure spot in the midst of city streets choked with huge concentrations of emissions makes it possible to artificially organize air movement. The streets will cleanse themselves.

Incidentally, the foreigners have, in general, what in our view is a highly unique attitude toward their vehicles. As soon as the meteorological situation starts to deteriorate, residents are asked not to use their personal cars if possible, and the city center may be altogether closed to personal vehicles (law-abiding foreigners take that perfectly calmly).

The Residential Furnace as a Little Chernobyl

In March Pashchenko's group was invited to the provincial, moss-covered town of Tatarsk, where there is seemingly no industry and the situation with respect to motor vehicles is more or less okay. It would seem that God himself had ordered the residents to enjoy the crystal freshness of Tatarsk air. But that was not the case. The "thermometer" registered the first spurt of emissions into the atmosphere at 7:00 pm, and then almost throughout the entire night and beyond into early morning (these emissions did not, however, reach the winter pollution level on Krasnyy Prospekt at rush hour). As you have already guessed, this was connected with the time at which furnaces started to be fired up in residential buildings.

Every small furnace, it turned out, discharges a hundred times more benzpyrene per unit of fuel into the atmosphere than, for example, the notorious central heat and power plants. It's simply that in the residential furnaces the temperatures are not as high as in the powerful industrial boilers. Water is released from the furnace chimney along with organic compounds.

Or take another example of emissions that are much more harmful than any industrial emission. In the spring and fall citizens traditionally burn leaves (in Soviet times the peaks of such "bonfire situations" fell on 22 April—the most "holy" day, of course, and a volunteer work day). Everything under the sun is tossed into these bonfires—sacks, plastic items, automotive tires. The same sort of inefficient low-temperature burning occurs and, accordingly, benzpyrene and dioxin—chemical compounds that are terrible in terms of their effects—are released into the atmosphere. And that, believes Sergey Eduardovich, is a case of natural bungling.

Our national disorderliness is capable of working absolute miracles. Even using vaunted foreign technology. As just one example, take foreign cars with special ignitions—after using our gasoline they break down very quickly.

Frost and Sunshine, a Marvelous Day?

Scientists have reached the conclusion that clear below-freezing days are the most favorable for the development of smog situations (in Novosibirsk such days usually occur in January-February). If one takes, for example, the monthly concentration of soot (incidentally, it can be retained in the air for up to eight days under favorable meteorological conditions), it is higher in the winter months. In winter the city resembles, as it were, the model of a "box," the "lid" of which is very low.

So don't believe your own sense of the false freshness of cold air; it's just that the cold feels bracing. Usually it is several times more polluted indoors in winter in terms of aerosol measurements than it is outside (we open the doors and windows less). But on smoggy days the situation is just the reverse—the air is cleaner indoors. On such days scientists advise not to open window vents and not to let children and old people spend time outdoors. Need one explain why? It should suffice to say that the rate of illness from cardiac ischemia is directly proportional to the concentration of soot in the air. On smoggy days the rate of new illness and exacerbation of chronic illnesses of the respiratory system rises sharply. A person may be walking along the street feeling obvious discomfort—he simply feels bad—but he in no way connects his physical state with the brownish smog that is hanging over the city.

Moreover, on streets with busy motor vehicle traffic there is constant local smog. People live in that smog every second, receiving three to four times the maximum allowable concentrations of pollutants every day. Need it be said that the Monitoring Center, whose reports we listen to every day along with the weather forecast, does not put out entirely accurate data? The Center uses fairly obsolete methods of measurement, and it takes a long time to process its data, which is why we always hear them accompanied by the word

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"yesterday." Especially since what are offered are some sort of average 24-hour figures, although, as we already know, the amount of emissions in the city at night is reduced to practically zero. That is, in the daytime the concentration of pollutants is not 1.5-2 times the maximum allowable concentrations, but as high as 4 times that concentration.

The EKOS group, on the other hand, is able to take readings every 10 seconds and immediately process the data that are obtained.

Siberia as a Model Laboratory

It is time to tell how the EKOS group attained world renown and why the Netherlands gave it unique equipment that no longer exists anywhere else in the world.

As everyone knows, there exists the problem of global warming. A data bank on the Internet computer network to which EKOS gained access contains the results of scientists' observations relating to this problem beginning with the previous century. During this entire "observed" period, the entire surface of the Earth has warmed up by 0.8 degrees. But Siberia has warmed up a whole 3 degrees. And that is bad. The thawing of the permafrost, permanent humidity and cloudiness, the disappearance of entire peoples, the disturbance of the land-use system—these are just a few of the unpleasant consequences of this cataclysm.

That is why Siberia is assuming special methodological value for Western scientists. And that is why the Dutch energy center sent its unique equipment to remote Novosibirsk.

A fairly sensible explanation of the specific features of the "greenhouse effect" in Siberia has also been found. Europe was densely populated back before the first changes in the temperature of the Earth's surface occurred. Humanity had already intervened in nature, and the amount of emissions has remained virtually unchanged since that time. Siberia, on the other hand, did not start to be rapidly developed until this century, and its temperature was measured before human activity started to be reflected in the state of the atmosphere. Thus, those 3 degrees are none other than the human impact on nature in its pure form. For scientists in the world community, Siberia has become a model laboratory.

How To Make a Garden City

In the opinion of EKOS scientists, there are several simple solutions to the problem of the pollution of Novosibirsk's atmosphere. For example, the West embarked on a simple path: every year, starting with the 1970s, the concentration of lead in gasoline there began to be reduced by 1-2 percent. At the same time, certain tax breaks were introduced for gasoline filling stations that met that condition. And as a result, the lead concentration in the atmosphere simultaneously declined in cities.

An even more specific, locally based example: In the early 1990s the residents of the "Shch" neighborhood complained about the periodic smog situations. It turned out that the schedule for unloading fuel oil tank cars coincided with that smog. In the final analysis, fuel oil has now been totally abandoned there.

In exactly the same fashion, all similar extreme situations must be calculated when even the most primitive parking lot is built.

EKOS is now developing an electronic ecological map of the city in order not only to paint the general ambient ecological situation in the city, but also to indicate the specific sources of pollution. This map should be available to anyone who wants to see it, up to and including the use of its data in the banal exchange of apartments. Things reach the level of the paradoxical: in the city center, where the environmental situation is the most difficult, the most expensive, elite housing is being built.

At one time the condition of a sick person was determined by putting the palm of one's hand up to his forehead. Then thermometers appeared. The "thermometer" vehicle measures external parameters in the same fashion. But it doesn't cure. A qualified doctor is needed.

Russia: Novosibirsk AIDS Statistics Reviewed

964F3144A Novosibirsk VECHERNIY NOVOSIBIRSK in Russian 7 Aug 96 p 2

[Article by Yevgeniy Bocharov, professor, Novosibirsk Oblast AIDS and Infectious Disease Prevention and Treatment Center: "Is AIDS Already on Our Threshold?"]

[FBIS Translated Text] **The local news media have reported the discovery of another HIV-infected drug addict in Novosibirsk.**

A press conference with Professor Vadim Pokrovskiy, the head of the Russian Scientific Procedural Center for the Prevention and Treatment of AIDS was covered by the news media a few days ago.

He described the situation with regard to HIV and AIDS in the world. In view of the critical rise in the number of individuals infected with the human immunodeficiency virus (HIV), the cause of AIDS (the number of infected individuals now exceeds 22 million), the situation in the Russian Federation might appear quite acceptable, but the number of HIV-infected individuals is rising here as

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well. It has already risen to 1,269. Furthermore, another 198 cases were reported in 1996, including 18 in Siberia.

It is possible that the number of HIV-infected individuals in Russia could double in the near future, and it could even triple or quintuple. The main reasons V. Pokrovskiy cited were the dramatic increase in the number of drug addicts and the rising rate of sexually transmitted diseases. We have to agree with this, especially in view of the distinct signs of these tendencies in Novosibirsk and the oblast.

VECHERNIY NOVOSIBIRSK has addressed the problem of drug addiction more than once. We are definitely witnessing the rapid spread of this devastating addiction, which is being displayed by more and more people—most of them young adults. Another feature of the present situation is the replacement of home-grown and home-made substances with "world class" drugs—i.e., synthetic and natural substances produced on the industrial scale and injected by syringe. The repeated use of a syringe, usually without proper sterilization, by several individuals leads unavoidably to the infection of every member of this group.

This is illustrated well by the spread of hepatitis B. Incidentally, at the very start of the AIDS epidemic, hepatitis B was viewed as a possible cause. The reason was that the epidemiology of these two diseases is amazingly similar. They have the same means of transmission and affect the same risk groups—i.e., they are transmitted through the blood and its products and through sexual contact. The only difference is that the hepatitis B virus is several times as infectious as HIV.

According to the data of the municipal and oblast Gossanepidnadzor [State Sanitary and Epidemiological Oversight] centers, the number of cases of hepatitis B doubles here each year. Approximately 50 percent of the cases are transmitted by syringes or other implements, but whereas only 1.7 percent of the cases were connected with drug abuse in 1994, the figure was already 30 percent in 1995! This is characteristic of Novosibirsk and the rest of Russia. For this reason, if there were an HIV-infected individual in the drug subculture, an epidemic would be inevitable. This is one of the principal concerns of public health agencies.

Another factor contributing to the spread of HIV and, as a result of this, a rise in the number of AIDS victims (AIDS is always preceded by HIV infection) is the rapid rise in the number of venereal diseases transmitted by sexual contact. World experience has shown that these diseases and HIV are "twins." According to Gossanepidnadzor agencies, the rate of syphilis in Russia, including the rate in Novosibirsk, rose to five times the previous level just in 1995. The rate of gonorrhea is no longer measurable in precise numbers.

This also applies to other sexually transmitted diseases. These diseases, which are a serious health problem in themselves, compound the risk of HIV infection. An individual with an untreated venereal disease is 5-10 times as likely to be infected or to infect a sexual partner with HIV.

That is why the integration of HIV and VD prevention programs is an important step in limiting the spread of these diseases. This process is being complicated here because our present social difficulties, the rising rate of migration, including tourism, "shuttle" trade, drug addiction, and male and female prostitution are contributing to the spread of these diseases.

The roots of AIDS and its consequences transcend the boundaries of the public health sector. The appropriate system of public information and sound political decisions are the basis of AIDS prevention. This is reflected clearly in the federal AIDS-prevention program the Russian Federation Government approved on 1 May this year. It envisages the resolution of many social and legal problems connected with HIV infection and AIDS in addition to addressing the medical aspects of this issue. An oblast AIDS-prevention program is being drafted on this basis. We have to remember that until a cure has been found, the only "treatment" for AIDS is prevention.

The success of the program will depend wholly on funding. Without this, it is obviously destined to fail.

Regrettably, we have already had this experience with other oblast and municipal programs. Only the concerted efforts of the oblast administration and public health agencies can stop the spread of HIV infection and alleviate the effects of the pandemic in those who have already been infected.

Russia: Wage, Pension Payment Failures Noted

964F3072A Irkutsk RUSSKIY VOSTOK in Russian Jul 96 No 12, p 1

[Article by N. Yevgenyeva: "Elections Are Over, Payments Have Stopped"]

[FBIS Translated Text] The second session of the newly elected Irkutsk Oblast Legislative Assembly was held at the peak of July heat and social upheavals that forced cultural workers and teachers, who have not received their wages since April and can't even dream of seeing vacation pay, to take to the picket lines. In connection with which the issue, "On the State of the Payment of Wages in the Budget-Financed Sphere," was added the long list of issues submitted for the deputies' discussion.

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P. L. Lobanov, a representative of the Pension Fund, spoke on the matter of pensions and cited some impressive figures. Pension payments due for July totaled 227.5 billion rubles, of which 53,140 million was actually paid, leaving a debt to pensioners of 174,360 million.

P. L. Lobanov attributed the delay in the payment of pensions to the fact that most industrial enterprises did not work for seven to 10 days in May, and consequently, money did not go to the Pension Fund. He assured the Legislative Assembly that the payment of pensions for July would be completed by 7-10 August. The Pension Fund's executives intend to get some of the money for paying pensions by taking out loans with Vostsibkombank and Vostsibsberbank. But a high rate of interest will, once again, have to be paid for that money, and the pensioners will end up paying for it. This situation has developed in connection with the fact that government laws signed by the president are not being carried out, and a number of enterprises are evading payment of the mandatory percentage to the Pension Fund. The timely payment of pensions is further hampered by the fact that the money, before reaching the recipient, has to pass through five middlemen, whose services cost about 5 billion rubles annually, which also comes out of the pensioners' pockets.

The Pension Fund's management is prepared to take responsibility for every stage in the payment of pensions, without the five-link chain, but it has been impossible to resolve this matter since 1991, since the Ministry of Social Protection does not want to turn over its functions in this area to the Pension Fund. And for now the distribution of pension payments by territory follows the principle: those who make payments to the Pension Fund receive the pension payments. But what's to be done by the territories, especially northern ones, where enterprises stand idle and people are not paid wages for seven months at a time? What sort of percentages of wages can there be? In an absolute sense, the situation can change when big industrial enterprises operate at full capacity, but for now that is something that can only be dreamed about, although V. K. Yakovenko, first deputy governor, noted in a speech to the previous Legislative Assembly that the economic situation in the oblast was returning to normal and that, according to 1995 results, industry had met its production targets by 100.6 percent. But if that were true, the deputies today would not have had to take up the matter of wage arrears in the budget sphere, and would not have had to pass through lines of picketers to get to the session. And there the situation is even more tense: whereas pensioners are meekly awaiting the pensions they earned with years of work, the teachers and cultural workers, reduced to despair, have been out in the 30-degree [Celsius] heat demanding that the deputies immediately solve their problems. And well they might! As of today the wage arrears for employees in the social sphere amounts to 358 billion rubles.

Current wage arrears amounted to more than R97 billion for education employees, more than R82 billion for health-care employees, and R8.11 billion for cultural employees.

Total arrears for child allowances amounted to R117,117 million.

The main reason for this situation lies in the fact that the oblast budget shortfall for the first six months came to 29 percent. Industrial production fell drastically, and profits were down by a factor of 7.3 compared with the first half of last year. Every other enterprise operates at a loss, transportation operates at a loss, and losses in the construction complex amounted to R159 billion. The budget suffers huge losses because of tax evasion by enterprises and firms.

(As strange as it might seem, this information provided by Deputy Governor Yu. A. Kustov differs sharply from that provided by First Deputy Governor V. K. Yakovenko, who is constantly emphasizing that the situation is stabilizing in industry. It is no surprise that such a difference caused perplexity among the deputies. Because of that, Y. A. Kustov had to provide an explanation of how all the basic economic indices in industry could have declined drastically in a month's time.)

Yu. A. Kustov said that according to his information industry had operated at 89.5 percent of capacity last November and 93.6 percent of capacity in December, and that the situation was the same in the first quarter of this year.

Well, the information they received did not add to their optimism, and therefore the deputies' speeches were harsh and emotional.

A. V. Romanov: "Right here in the session Mr Yakovenko said in reply to my question about wage payments that all arrears had been paid by the oblast budget, and that if people in some places were not receiving their wages, the territory mayors were to blame for that. What is the situation as of today?"

To which he received the reply: additional payments have been made in 27 okrugs.

S. P. Volgina: "The specific situation in Olkhonskiy Rayon is such that there are no large industrial enterprises there, and the failure to pay pensions and al-

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lowances has resulted in the fact that children are going hungry. What is being done in this connection?"

N. I. Popov: With all the current issues, we have totally forgotten the matter of preparing for winter. Wages have not been paid for more than a year to those who operate the furnaces and boilers. What will happen in a month or two to the northern cities: Mama, Bodaybo, Yerbogachen?

A. S. Turik: "In Orthodox Christianity there are two unforgivable sins: the failure to pay wages to employees, and the failure to give aid to the poor and wretched. It is said that they cry to the heavens for revenge. At present the government is committing both sins on a massive scale."

A. V. Romanov: "Why have profits declined? Because we rescinded the tax on amounts by which the wage fund is exceeded. Now enterprise executives receive huge salaries. Naturally, profits are falling."

E. V. Grinberg, a representative of cultural institutions, the library system and the symphony orchestra: "We teach our children about beauty, teach them to dance, draw and love books and music. Everything negative that is happening in our society today comes from a lack of culture. But it appears that no one can be bothered with culture today. We have worked without pay for a long time and we cannot continue working without pay any longer. As of today cultural educational institutions have been financed by only 35 percent. Our employees have not received wages since April. And that is especially strange in that the city budget can find money to pay the wages of employees in the city music schools.

Chernyavskaya, a representative of the picketers: "There is a law on the payment of wages to budget-sphere employees. And we would like to have an answer: who is accountable, and in what way, for its implementation? What are we supposed to say to our employees and to disabled persons today other than your "take up and discuss"? How are we supposed to go on living? The idea of closing the social sphere has been expressed here. Let's close it. Children won't study in schools, go to museums, or read books, and a generation of Sharikovs will grow up. And what then? In order to survive, we and our children need only 10 billion. So that you all may experience the drama of the situation, let's change places, not even for five months, but just for one. Can it be that you will then put yourselves in our shoes?"

These speeches left no one indifferent. After stormy discussions, the deputies finally reached the unanimous opinion: convene a special session of the Legislative Assembly in August to hear reports on progress in fulfillment of the oblast budget for the first half of this year and on the measures taken to fulfill it.

Russia: Crime Fighting Program Reviewed

964F3072B Novosibirsk VECHERNIY NOVOSIBIRSK in Russian 31 July 96 p 2

[Article by Irina Borisova: "There Is a Program. Will There Be Any Action?"]

[FBIS Translated Text] A 1996-1997 special-purpose federal program for stepping up the fight against crime has been published. We have seen many of all sorts of similar programs during the past few decades. This is perhaps the most extensive (in two issues of ROSSIYSKAYA GAZETA), but also the most thoroughly worked out. It indicates not only specific measures but also those responsible for carrying them out, sources of financing and amounts. Altogether, it is planned to spend truly astronomical amounts—more than 50 trillion rubles—financed out of federal and local budgets. Granted, the introductory part emphasizes: "Since December 1994 the budget capabilities of the law-enforcement system have been considerably undermined by expenditures on measures for restoring constitutional legality in the Chechen Republic." That is why the previous program was not completely implemented. But if a new one has appeared, perhaps not all is lost.

What are the forecasted estimates of the crime situation? Criminal infiltration of the sphere of the economy has expanded. There are more and more groupings with interregional and international ties. A drop in the number of criminal cases involving bribery is worrying. For one in every four to six cases of the misappropriation of entrusted property and other crimes in office, criminal cases are not being initiated. The intensification of migration and the influx of business people from abroad are also creating the conditions for crime. A rise in criminal groups, the emergence of large criminal organizations, and the spread of terrorism are being forecast.

All measures are broken down into groups—from the drafting and adoption of new laws to the creation of automated systems for keeping records on and searching for persons on the basis of recordings of their oral speech. From the establishment of law institutes to the development of new types of antiterrorist weapons.

I shall mention a few important aspects. The procuracy, the MVD and the Ministry of Health are ordered to make spot checks on the legality of the alienation of privatized housing (buying and selling, exchanges,

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gifts). To establish the fate of elderly citizens, single citizens suffering from illness and alcoholics whose rights have been violated by unlawful transactions. Records are to be kept of single and elderly renters and owners of housing. There's no denying that is a noble intention. But why are there still no laws prohibiting swindlers and crooks from taking possession of others' apartments?

Another innovation practically comes from the realm of the fantastic. By the end of next year operational and technical units are supposed to be supplied with special equipment (polygraph machines, voice-based stress detectors) for evaluating people's mental and physical condition.

Systematic audits are planned of life-support facilities, airports, railroad enterprises, and oil and gas refineries and enterprises processing nonferrous and rare-earth metals that ship output abroad under direct contracts.

New laws will appear for combating tax evaders, including a law "On Federal Tax Police Agencies and the Declaration of Sources of Income."

In the sphere of privatization, audits are planned for disputed facilities: appraisals of their value, and verifications of the legality of auctions and competitions, and of buying-selling transactions.

One section of the program is devoted to prevention, including among minors, where the main attention is given to unsupervised children and orphans. Vagrants and hoboes are not ignored. Nor, of course, is the supplying and equipping of the militia. Local authorities are supposed to draw up their own analogous regional programs. And, at the minimum, to increase the number of municipal militia officers.

The program exists. The only little matter that is left is to carry it out. As was once said: "Everything for the fight against banditism!"

Russia: Irkutsk Oblast Economic Indicators Viewed

964F3043A Irkutsk VOSTOCHNO-SIBIRSKAYA PRAVDA in Russian 30 Jul 96 p 5

[Article by Galina Zhuravleva, chief of the Analytical Survey Department of the oblast public employment center, under rubric "Surprising, but a fact": "Unemployment Decreased in May and June..."]

[FBIS Translated Text] **The basic areas in the activity of the employment service are defined in the program for promoting the employment of the population of Irkutsk Oblast in 1996. The main purpose of the program is to promote the employment of people, to inhibit the growth of unemployment, and to soften its socioeconomic consequences.**

Unfortunately, the economic situation in Irkutsk Oblast during the first half of the year did not improve, and that led to a production slump and to a decrease in the number of workers in all branches. According to information provided by the oblast committee of the state statistics administration, the physical volume of production for major and medium-sized industry in January-June was 88.7 percent of the corresponding period of 1995.

An increase in output was noted only in the fuel industry and nonferrous metallurgy. There was a significant reduction in the production of output at enterprises in the light, timber, and wood-processing industries, in machine-building and metal-working, in the production of building materials, and in other branches. A similar situation developed at construction organizations and at enterprises of transportation and agriculture.

This resulted in a worsening of the situation in the labor market. Enterprises have been stopping and shutting down, the number of workers has been reduced at operating enterprises and workers are being laid off, and there are fewer and fewer vacancies. As a consequence, there has been a rise in the unemployment level.

An analysis of the unemployment situation indicates an increase in its growth rates. Whereas last year the number of unemployed increased by 7400, during the first half of the current year the number of unemployed increased by 8900, including an increase of 5800 in the northern rayons and 3100 in the southern ones. At the same time, in May and June the number of unemployed dropped by 2600, and as of 1 July there are 48,600 persons carried on the rolls at the employment service.

It must be noted that a considerable increase in unemployment since the beginning of the year occurred in the cities of Ust-Kut, Bratsk, Irkutsk, Usolye-Sibirskoye, and Zima, and in Bratskiy, Irkutskiy, Kuytunskiy, Slyudyanskiy, and other rayons.

The unemployment level in the oblast as compared with the corresponding period lat year rose by one percent and came to 3.4 percent (ratio of the number of registered unemployed to the able-bodied population). There has been an increase in the percentage of unemployed among city dwellers. The share of women in the overall structure of the unemployed continues to be high — 64 percent.

There has been an increase in the number of unemployed who quit at their own request. In the first half of the year that number reached 84,000, or 69.5 percent of

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the total number of persons who left. This is the consequence of "concealed" unemployment. The number of persons working an incomplete work day at the request of the administration came to 36,300 persons as of the end of June. Approximately 112,000 persons were on forced furloughs, with more than 60,000 of them being on unpaid furlough. Therefore some of the "concealed" unemployment may change into "unconcealed" at any moment.

The active measures that have been stipulated by the program for regulating the situation in the labor market include finding jobs for the unemployed population; vocational training and retraining of the unemployed; support of employers who create training and work jobs for individual categories of citizens; support of entrepreneurship and self-employment; and increase in public projects and temporary employment for unemployed adults, young people, and teenagers.

The results of the work during the first half-year confirm that, in addition to the passive measures (payment of unemployment benefits; the rendering of material assistance; the issuance of recommendations for early retirement), the execution of the basic measures in the program for assuring an active policy of public employment has made it possible to inhibit the growth of unemployment by 2.4 percent.

The reduction in the rate for insurance payments into the employment fund from 2 to 1.5 percent reduced the income part of the budget. In the first half-year the fund received a total of 28 percent of the payments from the annual budget. There has been an increase in the employers' indebtedness. All of this has had a substantial influence on the dynamic actions of the employment service in the labor market.

In 1997 there should not be any major changes in the oblast's economy, and therefore, when developing the program for promoting public employment for next year, there will be large problems with regard to an active policy with a shortage of money in the state employment fund.

Russia: Nozhikov Calls for Energy Crisis Resolution

964F3165A Irkutsk VOSTOCHNO-SIBIRSKAYA PRAVDA in Russian 6 Aug 96 p 1

[Article by Yu. A. Nozhikov, governor of Irkutsk Oblast: "For the 'Sibirskoye Soglasheniye' Conference of Heads of Administrations"]

[FBIS Translated Text] The energy crisis described in the mass media is not localized and encompasses all regions of Siberia. It did not begin today, but earlier, when the frequency in the energy system dropped to 49.2.

The reason for difficulties with the supply of energy consist of nonpayments to the energy systems, which in turn do not pay coal companies for the coal.

In Irkutsk Oblast, Buryatia, and Chita coal miners have not been paid wages at the various enterprises since February, March, and April. For that reason delivery of coal has been stopped to electric power stations of the Irkutsk Energy Company, as well as to organizations of Buryatenergo, Chitaenergo, and electric power stations in the Far East. The coal-mining organizations of Krasnoyarsk Kray, in turn, are also not delivering coal to electric power stations of the Irkutsk Oblast for the same reason.

In order to ensure safety of the oblast population it is necessary to have 4.5 million tonnes of coal at warehouses of the electric power stations of Irkutskenergo by 1 October. As of 1 August these reserves amounted to 1.5 million tonnes. The stocking of coal is not being carried out today and ensurance of an adequate supply of coal for the height of winter for technological reasons is no longer possible by 1 October. The Irkutskenergo Joint-Stock Company has completely halted the operation of electric power stations in the city of Ust-Ilyimskiy, the city of Zheleznogorsk, and the city of Sayansk, while the rest of the electric power stations are operating to satisfy only half of the consumer needs. Such measures are being implemented for the purpose of compelling consumers of thermal and electric energy to pay for what they purchase, and also because of the lack of coal or the economy required in order to save for winter. At the same time, in response to a claim by the trade union of coal miners and the labor inspectorate, the oblast court issued a writ of execution to Vostsibugol Company on the basis of which all financial resources being received are frozen and channeled only for payment of wages to the miners. The court made its decision on the basis of the second part of the Civil Code adopted by the Federal Assembly and the president of the Russian Federation in March 1996.

Proposals for consideration

1. Intensify payment discipline among all consumers of energy resources at the federal level.

2. Allow the consumers to pay off their debts proceeding from the possibilities and amount of financial resources of all types in the country as a whole, through appropriate credit and administrative decisions.

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Conclusion

Inasmuch as the lag in creation of reserves of fuel for the winter has gone beyond the permissible level, action by all government agencies in the resolution of this problem is of great urgency. Failure to adopt proper decisions may lead to the death of people during the winter period.

Russia: Russian-Type Terrorism 'Anonymity' Noted

964F3167A Moscow KOMMERSANT-DAILY in Russian 12 Jul 96 p 1

[Article by M. Sokolov: "A View of Russian Terrorism"]

[FBIS Translated Text] A new explosion has been heard in Moscow. You can read about the details of that incident on page 14. That new act of terrorism confirms apprehensions that the worst of all types of terrorism is taking root in Russia—anonymous terrorism.

Moscow is gradually catching up to such bright European capitals as Paris and London, not only in the number of expensive automobiles, high-priced dens of iniquity, and pretentious public buildings, but also with regard to a parameter where the approach to Europe cannot be pleasing—in acts of terrorism in the very heart of the capital. The postindustrial megalopolis, which is what Moscow is striving to become, by its very nature is highly accessible for criminal attack, and the more complex, expansive, and strained the city infrastructure, the more possibilities it offers for the terrorists. The explosion on Pushkinskaya again reminded us that vulnerability is an inevitable synonym of civilization.

But Russia would not be Russia if even in this somber matter it would not be moving along following its own unbeaten track. It seems that in our case, by contrast with the rest of the world, a stable tradition of anonymous terror is forming, when there is dead silence following yet another explosion. No one declares responsibility for the act of terrorism.

The difference with the Western tradition, where the signature of a terrorist act in the form of an anonymous telephone call is a mandatory attribute of such a crime, would appear to be not that important—what difference does it make to victims of a terrorist act and frightened citizens, who placed the bomb—activists of yet another liberation front, or some unknown villains. There is no particular difference here either at the level of ordinary human suffering or with respect to the objective consequences, i.e. demoralization of society. Nevertheless, in the long-term there is a difference, and quite a major one at that. Terrorists who sign their act, do so since they are pursuing their own goals: by demoralizing society they are attempting to extort from it certain concessions on various issues, but as a rule they do not have plans for its total destruction. Civilized society to them is a subject for extortion and not total destruction. Most of the criminals, including terrorists in the West (probably Chechen ones as well), are essentially parasites wishing to suck the juices out of society, but they have no intention of totally destroying the object of their parasitism.

The opposite of that category of criminals is another one—specifically consisting of political criminals whose goal is not the procurement of illegal gain within the framework of the existing society, but destruction of the very foundations of that society. Terrorist acts that cannot produce concrete benefits for their perpetrators because of their anonymity, make sense only as political crimes aimed at the destruction of civilization itself.

Such matters were written about in the form of fictional prophesies on the threshold between the 19th and 20th centuries. Anatole France, in the final part of his novel "The Penguin Island" depicted anarchists who were methodically destroying Paris with anonymous bombings. Chesterton wrote about the same thing in his novels, while Bryusov, describing the social moods of that epoch, summarized: "Wolves will be howling over the empty Seine. Walls of the Tower will vanish without a trace." Until now those fantasies remained fantasies while man's evil and insanity followed a different course. But Russia has once before appeared in the role of an instigator of terrorism—all "liberation fronts" were touted as "people's will." The taking root of anonymous terrorist traditions in our country, which tends to be an instigator (Russia is always striving to "speak its word to the world"), that heretofore existed exclusively in fiction, appears quite frightening.

Russia: Vikhr Operation Yields Weapons, Explosives

964F3046A Moscow KOMMERSANT in Russian 16 Jul 96 p 14

[Article by Dmitriy Kuybyshev, under rubric "Operation of the Moscow GAI [Main Motor-Vehicles Inspectorate]": "Gun Dealers Did Not Succeed in Bribing GAI Associates"]

[FBIS Translated Text] **Probably the greatest success in the city-wide militia Operation Vikhr [Whirlwind] that was carried out last Sunday awaited the associates of GAI in the capital's Southern District. They managed to seize a consignment of weapons and explosives that was apparently intended for one of the criminal groupings in the Moscow area.**

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Within the framework of Operation Whirlwind on the night between Friday and Saturday, the associates of the GAI in the Southern District were on duty not far from the "Varshavskiy" Motel (at kilometer marker 21 on Varshavskoye Shosse). By midnight they had already checked several dozen cars, but nothing of a criminal nature had been detected.

So when the state motor-vehicle inspectors stopped the next car — an unprepossessing Model-6 Zhiguli — the participants in the operation, as they themselves admit, were not really expecting anything. "Because, after all, you usually find the weapons or drugs in expensive foreign cars," one of the militia men said. After asking the driver to show his I.D. and driver's license, the GAI inspector noticed that the driver was acting nervously. Therefore, although the documents were in good order, the militia man asked the driver to open the trunk. The driver tried to joke his way out of it, but seeing that the militia men were insistent, offered them money. The GAI inspectors were implacable and absolutely insisted that their demand be carried out.

When the trunk was opened, everything became clear: the inspectors found under a tarpaulin three live "Mukha" grenade throwers, a fire-thrower, an explosive device consisting of two 200-gram sticks of dynamite and a fuse, several grenades, and two loaded clips for a Kalashnikov assault gun.

The driver and passenger in the Model-6 Zhiguli — they proved to be Aleksandr Sinotov and Sergey Plotnikov — were detained. It became known subsequently that Sinotov is a former serviceman who had gone into the reserve five years ago. After release from the army he worked in a bar in the Moscow suburb of Obolensk. Plotnikov also worked there. Both detainees continue to refuse categorically to tell from whom they acquired the weapons or the purpose for which they were intended. At the same time the militia associates have grounds for assuming that Sinotov and Plotnikov are not just casual participants in the black market of weapons dealing, but have already been engaging in this business for a rather long time. It is assumed that the weapons that were found were intended for one of the criminal groupings in the Moscow area.

Russia: 'General' in Moscow Criminal World Killed

964F3053A Moscow SEGODNYA in Russian
10 Jul 96 p 6

[Article by Aleksey Grishin, under rubric "Loss": "His Habit of Carrying a Weapon Did Not Save the Life of the 'Thief in the Eyes of the Law'"]

[FBIS Translated Text] Recently the capital's criminal world said goodbye to yet another authoritative individual — 49-year-old "thief in the eyes of the law" Tengiz Gvelesiani. As our newspaper has already reported, he was shot to death in his Moscow apartment on Vokzalnyy Pereulok on 30 June. It should be noted that, at first, detecives took the victim to be an ordinary businessman who owned a network of cafes, restaurants, and bars. Then it turned out that Mr. Gvelesiani actually controlled in Moscow a series of major institutions that do not have much to do with entertainment.

The deceased was known for a long time to the capital's law-enforcement agencies not only as a criminal authority, but also as an inveterate drug addict. Recently, according to certain information, he was extremely concerned about problems of security and never went anywhere without his pistol. Actually, operatives found a Luger revolver alongside the body of the dead thief, but Mr. Gvelesiani had not been able to make use of it. According to operational information, the criminal authority belonged to one of the Tbilisi gangster groupings and was very closely acquainted with the infamous "thief in the eyes of the law" Shakro-Molodoy. Most likely, the murder of Mr. Gvelesiani was a continuation of the showdowns among the "generals" of the capital's criminal world.

Russia: Kulikov on Terrorist Explosions in Moscow

964F3115A Moscow SEGODNYA in Russian
17 Jul 96 p 6

[A. Grishin: "Russian MVD Retained Control Over Situation"]

[FBIS Translated Text] Anatoliy Kulikov, minister of internal affairs, declared that "we have every reason to believe that the recent terrorist bombings in Moscow were planned in Chechnya" at a recent press conference held at that ministry. To confirm that view the minister read a deciphered radio-telephone conversation between the leader of one of the bands in Chechnya and a "colleague" of his in Moscow. The latter complained that "Luzhkov has created impossible conditions, I cannot get to the subway." In addition to that the unknown guest in the capital explained that two explosive devices failed to work for them, several of the batteries turned out to be bad, etc.

The main topic of the press conference, however, consisted of a discussion of the crime rate within the country in the first half of this year. As explained by Mr. Kulikov, the militia had to continue working in a highly charged atmosphere as in the past. As it has earlier the number of murders by hired killers, kidnapping of people, and acts of terrorism continues to grow. The situation was further aggravated by the numerous criminal gangs using both traditional criminal methods

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and also employing sophisticated economic swindles, bribery of officials, etc. According to the minister the highest crime rates now exist in the spheres of banking, credit and financing, in the foreign economic sphere, as well as on the consumer market.

The minister noted that despite this the MVD agencies managed to retain their capability of not only influencing the situation, but also concentrating growing efforts in concrete directions. In the first half of this year subunits of the MVD dealt with more than 932,000 crimes, which is 4 percent more than last year. Detectives were able to neutralize more than 3,500 criminal gangs, and over 9,000 of their leaders were brought to justice. The number of criminal cases connected with the narcotics business that were solved rose by more than 3 percent. The number of recorded crimes has gone down. That decrease, according to the minister, is observed in all types of serious crime. At the same time street crime declined by more than 20 percent.

Mr. Kulikov observed that the success of the MVD was promoted by the increased authority of the militia among the population. According to the latest polls at the present time around 35 percent of the surveyed citizens are satisfied with the work of the militia. Just a year ago that figure did not exceed 25 percent. The minister said that their service continues devoting considerable attention to getting rid of traitors and bribe takers in their ranks. Some 550 dishonest guardians of public order have appeared before the courts since the beginning of the year. In this connection Mr. Kulikov pointed in particular to personnel of the GAI [State Motor Vehicle Inspection], who, as commonly known, have the most scandalous reputation. A special check on the roads of the central region which was conducted after the 60th anniversary of the Russian GAI. Appearing as rank and file citizens special operational groups "investigated" 38 check points and GAI personnel agreed to accept bribes of 30,000 to 50,000 rubles at only three of them (last year, following the well known Budennyy affair, of all the points that were checked only two refused to accept money.)

The minister indicated that special methodological groups were created in the militia subunits, which are working on issues concerning implementation of the special presidential decree. Mr. Kulikov said that such goal-oriented operations in the struggle against terrorism, illegal circulation of narcotics and weapons, vagrancy, etc. will be conducted in other regions as well. In addition to that it turned out that concrete measures have already been prepared at the MVD for stricter tax control. The minister promised that "arbitrary behavior" has ended and "tax dodgers" will find life very difficult in the near future.

Russia: Results of Study on Criminal Psychology

964F3077A Moscow MOSKOVSKIYE NOVOSTI in Russian 21-28 Jul 96 No 29, p 22

[Article by Viktoriya Voloshina: "A Gangster in Russia Is More Than a Gangster: Petersburg Scientist Conducts Unique Studies of Types of Organized Crime"]

[FBIS Translated Text] St. Petersburg—Killings, robberies, bloody shoot-outs, drug trafficking, prostitution, weapons smuggling—all these abstract, motion-picture concepts from American hit films have lately become all but everyday matters: every day we learn of terrible crimes from television news roundups or newspaper reports. American criminologists who are sponsoring research by their Russian colleagues are very envious of us—we're living in a historic era, they say. In their country the process of the development of organized crime—that same bloody division of territory and wholesale corruption that we are presently witnessing—has long passed. But it is safe to envy us from overseas. Sometimes being a direct witness to this historic process becomes rather frightening.

Recently Yakov Kostyukovskiy, a staff member of the Petersburg branch of the Institute of Sociology, conducted a series of interviews with representatives of "gangster" Petersburg, excerpts from which are used in this article. He talked with representatives of the so-called middle-class—ordinary thugs with the vocabulary of the run-of-the-mill hooligan are of little interest to the sociologist, and it proved rather difficult to get to the top ranks. From several dozen interviews, a portrait emerges of the statistically average post-perestroyka "gangster." However, they would prefer to call themselves "tough guys."

Work

The spheres of the Russian mafiosi's activity are the same as they are throughout the world: drugs, prostitution, weapons trafficking, car thefts and, lately, more and more real estate deals, which are carried out on a high professional level. A colleague of the Petersburg scientists, Prof. [Shelly] from the United States, who visited several city real estate auctions, was simply amazed at how people who had spent their entire lives living in state apartments were carrying out such sophisticated economic transactions, while maintaining the appearance of perfectly legal deals. But what the professor saw was just the tip of the iceberg.

From an Interview

Respondent: In my fourth year at the institute I applied for a job in an interesting office. They were dealing in real estate. A friend got me a job there in the

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information-collection department. At first I did not even understand what was what, but then I quickly figured out what this business was all about. I would visit apartments together with my fellow worker and see where the alcoholics were living, preferably those who were living alone, and offer to buy their apartments. Flash some money in front of those people, and they're ready to sell their own mothers. After that, swindling them in a proper fashion is just a matter of technicalities. In our office everything was tied together—housing-management administrations, notaries public, and we even had a couple of precinct militia officers on the pad.

Interviewer: And what methods did you use to move people out?

Respondent: All sorts. Starting with a simple explanation that the person no longer lived there, and ending with absolutely ANYTHING.

Interviewer: I see. And do you think that your organization could be called an organized-crime structure?

Respondent: It could. We had everything tied together. The acquisition of an apartment, moving people out when necessary, repairs, remodeling, sales. Sometimes they were sold through auctions. Sometimes people would order offices, which was another whole specialty. Some things would be put through various privatization committees. Real estate in Petersburg is a thoroughly criminalized sphere. And it's huge money.

Last summer in Petersburg authorities uncovered the activities of a drug gang that included members from Petersburg, Moscow and Nizhniy Novgorod. This interregional corporation trafficked in methadone and phenamine. During the arrest a kilogram of methadone with a market value of approximately $100,000 was seized. But that, say the specialists, is just a drop in the bucket. Today Petersburg is literally flooded with drugs, primarily synthetic ones. At the hot night clubs and ACID discotheques, phenamine and phencyclidine, as well as the more expensive foreign synthetic drugs such as LSD, MDMA and DOB, are popular.

From an Interview

Respondent: There's a very favorable situation right now for selling dope. It used to be that all the hippies used grass, but what sort of money did they have? Now a more elite public has emerged and have gotten into more expensive drugs. You see the night clubs springing up like mushrooms. And you know why? They are very convenient places for selling drugs. I was recently driving through the rayon and saw a neon sign reading "ACID Club"! Can you imagine? It might as well have read, "LSD Den," for example.

Where there are drugs you will also find the porn trade. According to the latest figures—granted, unofficial ones—today there are from 200 to 400 private agents in Petersburg offering sex services. There is also "individual labor activity," and there are firms offering that type of service in a veiled form: massage parlors, so-called "export firms," and "presentation clubs." Some highly exotic specializations have recently appeared: child brothels, gay establishments and male services for rich ladies.

From an Interview

Respondent: I'm not up on everything that is going on in the city right now. I can tell you a little about my company. This is the fourth year I've been working, and I've changed the name six times—the cops would hassle us, or our "roofs" [criminal organizations offering "protection"—Trans.] would drop us. But no matter, we can operate.

Interviewer: And your work force?

Respondent: There's plenty of that. Mainly young girls, about 15-20 years old. Recently we established gay services as well.

Interviewer: No lesbian services?

Respondent: No, there's no demand yet. The market.

In addition to drugs, real estate transactions and prostitution, the demand for alcoholic beverages remains constant. According to some experts, business based on counterfeiting liquor holds third place in Petersburg after arms and drug trafficking. Of course, car thefts are flourishing nicely.

Politics

For the criminal world it is extremely convenient if a local war is being waged somewhere: in Chechnya, say, or along the borders with the southern republics. A stolen car can be sold to someone there, and no one will find it even if they look for it. As many weapons as you like can be bought and sold. For drug smuggling, disorders along the border are half the key to success.

Yakov Kostyukovskiy believes that what is involved here is not just the merging of entrepreneurship with, but the very inception of entrepreneurship as a kind of organized criminal formation. This is proven by the cases, which are well-known in Petersburg, in which crime kingpins and crime bosses are invited to be members of bank boards. And such concepts as "roof," "score-settling," "raid," etc. have long since readily established themselves in the vocabularies of businessmen who are as remote as possible from gangster circles.

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From an Interview

Respondent: In general, the crime kingpins lately have been getting into business more and more. Back in 1991 Mansur (Mansurov) had a company—Omos. Now Shonin, Monastyrskiy, Berman and Tyumentsev are thoroughgoing businessmen. They need both their authority and their teams purely for business purposes. As for normal laws, they don't exist. ...

Respondent: In a city, for it to live well, it's got to have an overall boss (he is referring to a crime boss.—V.V.). That's the case in Kaliningrad, Moscow, Murmansk, Yekaterinburg, Vladivostok, and a lot of other cities. But we don't have one. There are many who would like to be boss, but they haven't got the forces and the courage. After all, we're a port city, and a port doesn't even work at 20-percent capacity, because a port, if you manage it intelligently, is a horn of plenty. If someone wants to take over here, they'll cut his throat. They won't take over themselves, but they won't let anyone else do it. That's what has already happened—everyone who rose a little higher than the others is either in hiding or in the cemetery. And the city authorities can't do a damn thing.

Interviewer: And what do you think of the idea that our whole society is criminalized?

Respondent: Yes, it seems to be. It's just that not everyone knows that they're criminals. And so there are a whole lot of people who work for crime. And in general, people have grown nastier—they've learned to count other people's money, and that never leads to any good. The government is, once again, a bad one. I read somewhere recently—some sort of wit was writing: well, it's good for the gangsters that we've got bad laws. That's idiotic. In an unstable society, no one can live well.

Image

Everyone knows "gangster fashion." At first it was leather jackets and sports outfits—the outfits of the racketeers who would extort money from street vendors. A little later raspberry sportcoats and Mercedes 600s made their appearance. Now preference is increasingly given to clean-cut, expensive suits and elegant sports cars. Granted, some rudiments remain—for some reason it is still considered necessary to wear a thick gold chain around one's neck. Even those who have a higher education and a better-than-average intelligence can't give them up. Evidently the point is not so much the actual value of the gold as a certain sign of belonging to a certain circle. Physical strength continues to be valued—another rudiment, since the main form of sports in that milieu has long since been shooting. And only extremely self-confident "new Russian gangsters" will risk giving up their gold chains and sports, preferring to devote their free time to the theater and art exhibits.

It is interesting that, in response to the question, would today's gangsters want their children to take the path of crime, all of those whom the Petersburg sociologist interviewed replied, "No!" And that bears directly on the question, do we have a Russian mafia? Our criminals do not want to pass on the legacy of a "criminal empire," like some sort of Don Corleone. They prefer to give their children a good education, preferably abroad, so that the children can eventually put their father's business on a legal footing. And they themselves, the Russian mafiosi, have more often than not gotten involved in criminal business unwittingly. It's just that the barrier between "permissible" and "impermissible" kept moving further and further in the direction of "permissible." Especially since in present-day business that barrier simply doesn't exist. Many people get involved in it with the firm intention to work honestly, and only after a certain time do they realize that it's impossible to do so. Either the state ruins you with taxes, or you deceive it. In principle, all of our "tough guys" are peaceably disposed; they would gladly invest the money they have earned in, say, Uralmash or the Kirov plant, if they did not realize that they'd might as well give their money away to the poor. It's better to open a small cafe and launder one's money through it. But even here excessive taxes get in the way: practically 80 percent of the "laundered" money has to be given to the state. So, no jobs are created, and more and more new forces get into crime. The former totalitarian state, which at one time proclaimed, in the words of its president, "Enrich yourselves!", evidently wanted to make the population totally rich, but it got something entirely different: the working class is increasingly becoming a lumpen proletariat, and a middle class has still not developed. Well, maybe only in the criminal world.

From an Interview

Respondent: I don't know what that's connected with. Well, can you recall what interested you when you were 17-18 years old? Dressing a bit nicer, drinking, going out with the girls. Well, those people have the same interest. It's just that the prices have changed. Before, you could earn money to do all that, maybe do a little black-market dealing. But now. Have you seen the prices in the taverns? And the girls hang out there. So they like to go out with gangsters. And in general, they are poor people. In the literal sense. It's just on the surface that they are tough guys, hanging out in the taverns every day, riding around in Jeeps; look a

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little deeper, and they don't have a spare pair of shorts, nothing to back them up, no money for a rainy day.

Respondent: Now, in general, it's become a trend. Books are written about gangsters; films are made. And note that for the most part they are positive characters. Such good guys, charming, brave; it's just that the state has spoiled them—in short, romanticism. But you know, understanding doesn't mean forgiving.

At the end of the interviews, the Petersburg sociologist asked all of his interviewees the same question: why did you make this contact? Some of them joked, some shrugged their shoulders, and only one of them was absolutely serious:

"Quite honestly. I don't believe that there can be any changes, including with the help of this research. But since someone is doing it, it's better that there be as few fairy tales as possible. I've told you something, and I want it to be understood that I'm not Barmaley with a sabre. I undertake what the state cannot do—to provide for normal business and security. And I do that, and do a decent job of it; of that you can be certain. And organized crime—well, is that better than unorganized crime?

Russia: 'Obstructiveness' of Sobchak Administration

964F3120A Moscow SOVETSKAYA ROSSIYA in Russian 1 Aug 96 p 3

[Article by Yu. Nersesov, St. Petersburg: "Sobchak's Inheritance: People say that Sobchak was planning to go to the other side of the hill for his ambassadorial meals, but what about the debts?"]

[FBIS Translated Text] A commission has already been working for almost a month in Smolnyy to evaluate the situation and the use of the property and financial resources of St. Petersburg. The commission is headed by first vice-governor Vyacheslav Shcherbakov. The work has been difficult, chiefly because of the constant resistance put up by those who, for five years, have been squandering those resources. An example was provided by the former mayor himself. Without handing over any files or reports to the deputies, he has been traveling back and forth between the hotels of Paris and the beaches of Anatolia, stubbornly refusing to answer the commission's questions. And the tardy report from Sobchak's Committee on Economics and Finance (KEF) was rejected by the commission. The fact of the matter is that the data submitted there concerning the city's income during the first five months of the current year, as one of the commission members expressed it delicately, "cannot be recognized as reliable." Putting it another way, the KEF understated the income by more than 130 billion rubles. But even with a consideration of this more than impressive amount of money, the city budget had decreased by one-half in three years. But the debts of the St. Petersburg treasury during last year alone increased from 1.27 to 2.45 trillion rubles. Where did the money go?

In general, there is no secret about this. As is generally known, the money in the city treasury is supposed to come chiefly from taxes. Thus, the indebtedness of the St. Petersburg enterprises with regard to payments into the budget has reached a fantastic total — 423 billion rubles. Almost half that amount is made up of payments that were deferred by the KEF. The city failed to receive an additional 112 billion last year and during the first five months of the current year from various kinds of lessees, basically private ones. During Sobchak's administration, the city;'s treasury failed to receive a total of 800 billion rubles.

At such time, however, preferential credit and interest-free loans totaling many billions of rubles were issued to various firms. The firm that became the record-holder in this regard was the "XX trest" construction corporation, that received 2.5 billion rubles. That money was supposed to be used to construct on Vasilyevskiy Ostrov the latest in a series of Sobchak monsters — the ugly 130-meter-high business center. For the skyline of old St. Petersburg, the collapse of that venture was probably good luck, but the new administration still will have to worry about getting back the credit.

But even the money that was received was frequently expended by the mayor's office in what can mildly be called a strange manner. For example, 33.1 billion rubles suddenly appeared on the subaccounts of the Northern Trade Bank and "Astrobank." Inasmuch as both banks successfully went bankrupt, the money proved to be frozen. True, the people at KEF gave explanations for that. It turns out that they had done all of this in the interests of the depositors to the banks that had been burned. The depositors, incidentally, knew nothing about the touching concern on the part of the mayor's office. But the close contact between the owners of both banks and the city's former administration is no secret to anyone. It is not surprising that the decision was made in Smolnyy to gladden the hearts of these close friends at the expense of the treasury.

The mayor also demonstrated considerable lavishness to the city's most "democratic" newspapers. During the autumn of last year alone, he lavishly granted the editorial offices of NEVSKOYE VREMYA and CHAS PIK 250 million rubles worth of interest-free credit, formalizing that credit as unforeseen expenses from the city budget. Naturally, during the election campaign, the

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journalists from both publications were ready to cut the throat of any competitors of their favorite and lavish city chief, and their teeth proved to be short.

Of course, the matter was not limited to giving help to the banks and newspapers. More than 10 billion rubles were spent to certify specialists for operations involving securities. For those who know Sobchak's tastes, there is no mystery here. Anatoliy Aleksandrovich so cherished the idea of transforming St. Petersburg into a paradise for financial bigwigs that he did not spare the treasury's billions to train qualified personnel. The poor bankers did not have to spend their own money for trifles like this!

However, it was not only banks who were recipients of Anatoliy Aleksandrovich's largesse. Before the election alone, as a result of the mayor's lavishness, 20 billion rubles were allocated for conducting the international Christian conference "Democracy Today"; 50 million, to Webster Academy; 75 to the "House of National Cultures" Foundation; 100 to European Culture Month; and, finally, 150 million rubles were given to the directors of the Easter Festival. To this day no one has any idea of where the money came from, where it disappeared to, or what those foundations and academies actually do. But in the final analysis, it was more obvious to the Mr. and Mrs. Sobchak who governed the city, where to put the money. Obviously, the members of the Russian Academy of Sciences who have not received their wages for months feel that they are just as good as the people at Webster Academy. But the problem of the 120 city schools that have practically no chances of being repaired by 1 September is nothing compared to the great tasks of the Christian Democratic conference to be held in a country where it is easier to encounter on the street a live mammoth than a Christian Democrat.

Of course, it is unjust to heap all the blame for the hole-filled city budget only on the mayor's office. An organization that is successfully competing with that office is, for example the Northwest Regional Center (SZRTs) of the Federal Service For Currency and Export Control, which failed to give the city more than $3 million. And that is no wonder: because, from 130 enterprises that had been fined, SZRTs confiscated money from only 49. But the workers at the center did not forget about themselves. Using the fines that had been received, 17 persons were given loans with a total value of 108 million rubles. The center manager himself, Mr. Kozhin, received 15 million rubles. His deputy and chief account were left — in accordance with their rank — 10 and 8 million. The St. Petersburg prosecutor's office has already made a special recommendation concerning this matter.

Possibly, the prosecutor's office and the other agencies responsible for protecting law and order will have some more work to do soon. The materials from the Shcherbakov commission have already been sent to the law-enforcement agencies. And all of this may make it possible to establish a link between the benefits lavishly handed out by the city's officials to individual commercial structures and the sudden increase in the wealth of those officials. I hope that the sources of the former mayor's income will be audited especially carefully.

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Kazakhstan

Kazakhstan: Progress of Legal Reform Examined

964F2898A Moscow ROSSIYSKAYA GAZETA in Russian 10 Jul 96 p 7

[Article by Yuriy Kirinitsiyanov: "The Judged Will Be Judged by...a Computer"]

[FBIS Translated Text] **Legal reform in Kazakhstan has entered a decisive and, possibly, its most critical phase. A qualifications commission with broad powers has been set up at the Ministry of Justice; in essence, it is the one who will decide the fate of all Kazakhstan's servants of Themis, from the rayon judge to the Supreme Court.**

Legal reform here was met, to put it mildly, without enthusiasm. The fact is that the system under which judges were "elected" (but in reality appointed by local authorities) suited many people perfectly.

Now the qualifications commission will not only recommend judges for their positions (the president ratifies them), but will also examine the question of removal from the job, both for chairmen of the court at any level and for ordinary judges. In the opinion of vice premier Nagashbay Shaykenov, who is supervising the sphere of legal issues, this ensures a public mechanism for ratification in the job and removal from it.

The new qualifications organ is headed by one of the deputy ministers of justice. It also includes two deputies from the Mazhlis (lawyers by education), the deputy procurator general of the republic, six judges recommended by the plenum of the Supreme Court, a lawyer, a notary, and two legal scholars.

The stern examiners have already developed questions in the basic sections of the law: civil and criminal law, the Code of Criminal Procedure, and certain other aspects of law. Candidate judges will have to demonstrate knowledge in the area of the latest legislation, which is deeply involved with the market economy today.

Certain analogies suggest themselves. During the unification of Germany all judges from the former GDR were discharged. If they wanted to continue judicial work, they had to make application and pass an examination. And although no one in Kazakhstan was discharged, the decision about "re-examination" has taken on life. Really, it is demanded by life: after all, lawyers have to work in a completely different economic and political system, guided daily by the latest laws. In 1995 and early 1996 alone President N. Nazarbayev issued 134 edicts "with the force of law." Among them were edicts which are truly determinative for reforms, the edicts "On Land" and "On Mortgages" and the Tax Code.

Justice minister K. Kolpakov has a very determined attitude and promises to ensure maximum objectivity and impartiality in relation to all judges. Just 60 days were given to prepare for qualifications testing. For an experienced specialist, a graduate of a law school, to pass a new examination is not such an easy task. Incidentally, the judges will take the examinations with the help of a computer. "Re-examination" affects lawyers and notaries as well; and they will face some very difficult tests.

Parallel with this work new codes of civil and criminal procedure are being developed. The draft laws will be sent to parliament this year. As President N. Nazarbayev stressed in his message to the deputies, adoption of these fundamental laws will mean that the reform of legal reform in Kazakhstan has taken place.

Not only will there be improvement in procedural laws and the potential of judges, but the functions of the procurator will be finally put in specific form, "taking away" investigation and leaving only supervision of compliance with legality. A State Investigative Committee is being formed. It is also proposed to reform the Supreme Court, making it the brain center of the judicial system, not a court for hearing appeals.

Kazakhstan: Abdildin on 'People's Patriotic Movement'

964F3151A Almaty PANORAMA in Russian 26 Jul 96 No 29, p 3

[Article by Yekaterina Latypova: "'Republic' Coordinating Council of Political Movements Is Transformed Into People's Patriotic Movement: With Its Help the Opposition Intends To 'Put Its House in Order'"]

[FBIS Translated Text] On 25 July Serikbolsyn Abdildin, chairman of the Republic Coordinating Council of Political Movements and first secretary of the Kazakhstan Communist Party Central Committee, held a press conference at the House of Democracy with representatives of the Socialist Party and the Azat and Generation movements, the Workers Movement and other opposition forces.

It was stated at it that the Coordinating Council, which was established two years ago, has lost its clout in the situation of the profound social and economic crisis the country is undergoing. Mr Abdildin said that it should be replaced by a new association that is broader in its membership and more effective—the Republic People's Patriotic Movement. It will be a voluntary organization of parties and associations with a certain limitation of their independence. No mandatory membership is envisaged.

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A declaration of the future movement's goals and actions was presented to the meeting's participants. It states that there are no significant forces in Kazakhstan that are calling for the prevention of national disaster, a change in the socioeconomic and political course, etc. The opposition now places its hopes for "saving the fatherland" in the new movement.

Republic's main goals and objectives as reflected in the declaration are extremely ambitious: creating the political prerequisites for the recovery and growth of Kazakhstan's economy, and organizing work for the social rescue of the population. Appealing to all parties and associations, as well as "citizens who consider themselves patriots," the authors vow that the movement will give them the capability to effectively influence all aspects of the state's life. Republic intends to demand the passage of legislation that provides for the election of governing bodies at all levels, the granting of equal access to the mass media, etc. The proposed methods of activity, as before, are direct contact with the people and campaigning. Although, as the first secretary of the Communist Party noted, "today it is difficult to work with the people."

In addition to the aforementioned parties and associations, the declaration was signed by the Officers' Union and by the central committees of several industry trade unions.

Abdildin responded emotionally to the question of whether the movement would not turn into yet another "neocommunist" movement: "Enough trying to turn the communists into a bugbear. It's those who are in power today who ought to be used to frighten people. Today's communists have set themselves apart from the communist destroyers and call themselves communist builders."

Khasen Khozhakhmet, the ideologist of the Azat Movement, explained that they are joining Republic because they consider it not a separatist movement but a truly patriotic movement that supports Kazakhstan's independence. "Let us put our house in order," the Azat representative summed up in businesslike fashion.

Kazakhstan: Media Conference Pegged to Law on Press

964F3052A Moscow SEGODNYA in Russian 10 Jul 96 p 9

[Article by Beket Aubakirov, Almaty, under rubric "Kazakhstan": "Journalists Ask To Be Tax-Exempt: The market economy has made the life of the mass media more interesting, but more complicated"]

[FBIS Translated Text] A meeting of representatives of the mass media was held in the capital of Kazakhstan. The meeting was devoted to the fifth anniversary of the enactment of the first law on the press in the history of Kazakhstan.

However, the persons who were least inclined to celebrate the anniversary were the journalists. At the meeting there was a complete exchange of opinions on the current status of the "fourth estate," which includes not only state publications, but also departmental, corporative, and private ones. During the time that has elapsed since the promulgation of the text of the law, the number of mass media in the republic has almost doubled. At the present time a total of 1048 newspapers and 174 magazines with various editorial views are published here, and 218 television studios, 50 radio stations, and approximately 20 agencies are in operation.

But that is only one side of the coin. The other side, unfortunately, does not shine as brightly. The growth of the Republic's press is occurring under difficult conditions. Most of the newspapers and journals are being printed in minuscule printing runs. The printed publications do not have sufficient income of their own, and the sponsored support is of limited scope because of the economic depression. The mass media have become the victim of the market relations that they supported so actively.

The state renders support only to "its own" mass media agencies. Moreover, constant pressure is being exerted on journalists. Last year, for example, the value-added tax in the amount of 20 percent of profit was extended to the mass media. The rates for printing services and paper have increased in the same volume. As a consequence, the subscription prices of the majority of the publications have increased exponentially, and they have become inaccessible for the broad circle of readers.

At the meeting the journalists adopted an appeal to the public and to the republic's government, in which they called for a review of the question of exempting the mass media from the VAT, as well as from customs fees and duties linked with the import or export of goods intended for printed publications and the dissemination of information. The participants at the meeting decided to consider 28 June, the day of issuance of the law on the press, as the occupational holiday of Kazakhstan journalists. But that decision still must be approved by the republic government.

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Kazakhstan: Free Economic Zone in Akmola Authorized

964F3049A Moscow SEGODNYA in Russian 28 Jun 96 p 8

[Article by Beket Aubakirov, Almaty, under rubric "City Planning": "Akmola Will Become a Tax-free Zone: The Kazakhstan government believes that foreign investors will add the capital's lustre to the unincorporated oblast center"]

[FBIS Translated Text] The Kazakhstan Cabinet of Ministers has decreed the creation on a free customs zone on the territory of the city of Akmola. As is generally known, it is planned to move the Republic's capital to that oblast center within the next two or three years. However, the infrastructure that exists there does not conform to the new requirements. Akmola remains a mediocre oblast city, for the transformation of which the government does not have any funds. Therefore, the basic hopes are being placed on foreign investors.

Nusultan Nazarbayev touched upon the question of moving the capital in his speech at the International Forum on Questions of Regional Development that recently ended in Kranz-Montan, Switzerland. He stated that the authorities will completely free from taxation the profits made by those who participate in developing Akmola. No duty will be applied to the equipment arriving at the new capital. Putting it succinctly, unique tax benefits have been introduced for investors and builders of the country's main administrative center.

A decree concerning the creation of a free customs zone has been kept within the confines of this policy. Extremely favorable customs terms will be established here for actually all imported goods with the exception of alcoholic beverages, tobacco products, firearms, and gas-operated weapons.

Within the near future the cabinet of ministers will review and approve the statute governing that zone, which statute will regulate the activity of the customs administration here. It is planned that the borders of the zone will be established this summer. The MVD, jointly with the RK [Republic of Kazakhstan] customs committee, has been given the responsibility of organizing the monitoring of the movement of goods and means of transportation across the territorial borders of Akmola and the regions under the city's influence. It is difficult to say the extent to which the steps that have been taken will prove to be attractive for foreign investors. For the time being, the only foreign company operating in the city is a Turkish construction firm that is participating in the construction of a five-star hotel.

Kazakhstan: Legislation on Borders, Troops Amended

964F3157A Moscow KRASNAYA ZVEZDA in Russian 8 Aug 96 p 3

[Article by Anatoliy Ladin: "Kazakhstan Has Stregnthened Its State Borders—By Law"]

[FBIS Translated Text] **On 6 August the Law of the Republic of Kazakhstan "On Amendments and Additions to Certain legislative Enactments of the Republic of Kazakhstan" was published.**

The new redaction of part of the first preamble of the Law "On the State Border of the Republic of Kazakhstan," dated 13 January 1993, indicates that in conformity with the Constitution of the Republic of Kazakhstan the territory of the Republic of Kazakhstan is "whole, inviolable, and inalienable." But according to the updated Article 1, the state border of the Republic of Kazakhstan is "a line and the vertical planes passing through it that define the limits of the territory—the land, waters, earth's interior, and airspace—of the Republic of Kazakhstan." The state border is determined by international agreements of the Republic of Kazakhstan which are ratified by the country's parliament.

The territorial seas of the Republic of Kazakhstan include coastal sea waters whose extent is determined by international agreements of the Republic of Kazakhstan which are ratified by parliament. On the Caspian Sea the waters that are considered territorial are determined by international agreements of the Republic of Kazakhstan which are ratified by the country's parliament.

In connection with formation of the State Committee for the Protection of the State Border of the Republic of Kazakhstan additions were made to the law regarding the competence of the new organ of state control. It carries out the republic's state policy on the state border, organizes and monitors enforcement of laws and international legal enactments in the sphere of the state border by the border troops, and also exercises other powers granted to it.

Amendments and additions were also made to the Law "On the Border Troops of the Republic of Kazakhstan." In particular, the article that defines the structure of the border troops says that they include: control organs, border units (border detachments), border commandants' offices, border outposts, specific border checkpoints, aviation, naval, and special units, military schools, and other establishments, organizations, and enterprises as well as support units and subunits."

Direct supervision of the border troops of the Republic of Kazakhstan is assigned to the chairman of the

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Republic of Kazakhstan State Committee for Protection of the State Border, the commanding officer of the border troops of the Republic of Kazakhstan. At the present time this is Lt Gen Bolat Zakiyev.

Kazakhstan: Radioactive Waste Disposal Problem Viewed

964f3150A Almaty KARAVAN in Russian 30 Jul 96 p 2

[Article by Aleksandr Kotseruba: "Uranium—the Republic's Property?"]

[FBIS Translated Text] Kazakhstan is rich is raw materials. Oil, coal, gold, copper. Not last on this list is uranium. A good many settlements and cities owe their life to it. They include Aktau and Stepnogorsk. Both of them arose relatively recently, some 30 or 40 years ago, when the USSR was working hard to forge its nuclear shield. The Ministry of Medium Machinery spared no money, and therefore everything that was connected with the nuclear industry developed rapidly.

Today everything is being destroyed at the same pace. The combine at Mangyshlak, known as KASKOR [expansion unknown], is already virtually defunct. The Tselinnyy Mining-Chemical Combine [TsMCC], which processes uranium ore for the entire northern part of the republic, is still managing to stay afloat. But the probability that it will soon suffer the fate of KASKOR is mounting at the rate of a geometric progression. The deteriorating economic condition of the former giant is a secret to no one. Just as it is no secret that the combine remains the sole enterprise in Kazakhstan where it is possible to produce an end product on an industrial scale. Even today, in many respects TsMCC has no equals anywhere in the world. Its recent, increasingly frequent foreign visitors, who previously would not have been allowed anywhere near it, have a hard time believing what they see.

The combine has something to be proud of. And something to fear. Over the past three decades of mining and processing, about 50 million tonnes of radioactive waste has accumulated around Stepnogorsk. Its total radiation is as much as 160,000 curies. For comparison, the United States has 25 nuclear waste burial sites. And the amount of what is buried underground is approximately the same as that at the TsMCC's tailings dump. The comparisons could be continued. Granted, they would by no means reflect favorably on Kazakhstan. In America, for example, a special federal program has been developed that is aimed at the complete safety of former nuclear production facilities. The cost of the program is more than a billion dollars. A huge amount of money. Americans undertook those expenditures in the mid 1970s when it was suddenly discovered that the shut-down uranium enterprises harbored no less danger than the ones that were operating. Then they seriously undertook to restore the contaminated areas. Incidentally, restoring one hectare to normal costs, on average, $200,000. Reclaiming the land directly beneath nuclear burial sites costs immeasurably more.

In Kazakhstan there is not even a law on radioactive waste. Although a draft law was prepared long ago.

Over the years of operating the Tselinnyy Combine, about 6.5 hectares of land was taken out of cultivation. Without special treatment, it is presently impossible to cultivate or plant this land. It is pointless to say that the planned recultivation of contaminated land must be carried out—Kazakhstan is in no condition to allow itself to do what the United States is doing. In order to provide itself with the maximum level of safety, the republic has just one course of action left—to maintain the combine's operations. When it is operating, it at least carries out environmental-protection measures to some extent. And what is most important, those 50 million tonnes of radioactive waste are under surveillance. All it would take is for the combine to shut down and there would inevitably be an environmental disaster. And the scope of it would be no less than on the Aral Sea.

There Are Various Possibilities

Let us imagine for a second that Day X has arrived and the Tselinnyy Mining-Chemical Combine has come to a halt: because of nonpayments, the railroads have quit sending trains carrying ore, and for the same reason the combine's partners have quit shipping chemical reagents, and the power plant has cut off the electricity. After that, events start to develop very fast. In a short while the beaches of the tailings pond start to dry up. It covers 800 hectares, two by four kilometers. And from that entire territory, gradually, little by little, dust arises. The sort of dust against which one cannot, in principle, protect oneself. Finely dispersed dust, as the specialists call it. So, the level of discharge of it is high, and no one knows where the cloud of it will be carried.

There is a nuclear burial site in Kyrgyzstan, in the village of Karabolty. It is densely overgrown with rushes. And it is said that pheasants are extremely numerous there. But our feathered friends are not the point. The Tselinnyy winds do not blow in Karabolty. And the roots of the rushes hold the soil. Stepnogorsk, on the other hand, lies in a semi-desert zone. The city gets wind from all directions. When the wind blows from the west, radioactive dust is carried to the east; when the wind is out of the east, the cloud of dust blows toward the Caspian. But those are just minor problems.

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The real trouble occurs when arid winds turn toward Akmoly. For air currents, the 300 kilometers separating the new capital from the Stepnogorsk tailings dump is no distance at all.

Of course, for the first five years nothing terrible will happen. Maybe nothing terrible will happen in the second five years. Strange and, at the same time, terrible things will start to happen later. At precisely the time that the relocation of the capital is completed. And the time of mass exodus will arrive. The first to take off will be foreigners, who fear heightened ambient radiation like death; they will be followed by Almaty civil servants, who already regard the future relocation as exile. As for the residents of Akmoly, Stepnogorsk, Shortandy and Alekseyevka—they will most likely have to adapt to the "newly changed conditions." Since most of them simply have nowhere to go. A gloomy picture? Perhaps. Only events of the past five to six years don't exactly dispose one to optimism. At its prime, the Tselinnyy Mining-Chemical Combine could produce about 2,000-2,500 tonnes of uranium a year. Today it is operating at about 20-percent capacity. At its best, the TsMCC employed 24,000 persons; now it employs 11,000, and the most skilled employees have left. For all practical purposes, the enterprise is barely getting by on occasional earnings. During the era of the Ministry of Medium Machinery, TsMCC was regularly allocated money (to be sure, money that it had itself earned) for maintaining radiation safety. With the collapse of the USSR, the money got lost somewhere in Moscow, and the combine has no possibility of new earnings—it has lost its working capital. The most interesting thing is that everyone understands that when the enterprise operates at full capacity the republic earns dollars from the sale of uranium and, at the same time, enhances radiation safety, but when the combine barely makes ends meet, just the reverse happens. But even movement in that direction has its limits. So there are, indeed, various possibilities.

Rich Beggars

The closing of former coal mines can be attributed to economic expediency. The mothballing of oil wells—to transportation problems. But to what can one attribute the curtailment of production at a unique enterprise?

In recent years prices for natural uranium on the world market have moved steadily upward. The developed countries prefer to use raw material from other countries rather than their own (their own will be fine to use decades into the future). According to forecasts, the demand for nuclear fuel will be high for a long time to come. That would seem to be all to the good for us. Especially since some 25 percent of the world's proven uranium reserves are concentrated in southern Kazakhstan. The northern deposits will not be exhausted any time soon, either. Given an intelligent approach, it is possible, if not to get rich, at least not to go poor. But as usual, the opposite is happening.

The combine whose potential is known throughout the world has run aground because of a lack of working capital. It lost it through the difference between foreign and domestic prices, when it was selling its finished product at established prices while it was buying everything it needed at steadily rising prices. In this connection, the Stepnogorsk people say "thanks a lot" to KATEP [expansion unknown], the intermediate level that decides for the enterprise to whom to sell what, how much, and at what price. People at the combine are convinced that if TsMCC had the least bit of independence the situation with respect to both the environment and production would not be so dramatic. And the contracts themselves would be much more profitable.

However, that is the past; the train that might have pulled the mining-chemical combine out has already departed.

Now, in order to get the dying mechanism cranked up, something on the order of $80-100 million is needed. Such an injection would be enough for it to attain a stable level. A level at which the combine would not operate just for a month or two at a time, but steadily.

In three to five years, considering conditions on the world market, the debt would be repaid. But the most important thing is that Kazakhstan would firmly occupy its own niche in the uranium trade. Plus, it would fully ensure the region's radiation safety.

But in our country money can be found for everything except things that are vitally necessary. In this sense foreigners are much faster-moving. For them the TsMCC is a juicy morsel.

Not long ago a relatively small Canadian company showed up and started to make intensive probes as to the possibility of turning the combine over to it to manage. As usual, the terms that were offered were tempting: the attraction of Western investors, the payment of wage and tax arrears, and the step-by-step provision of start-up capital. Stepnogorsk would pay for the services with its own uranium. And after some two years the enterprising Canadians would like to buy out the state's bloc of shares in the combine. And to become, for all intents and purposes, the proprietors of Kazakhstan's uranium.

In principle, at present it makes no difference to people in Stepnogorsk who calls the tune; let it be Gabon,

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just so production doesn't shut down, and wages are paid. But on the other hand, many see right before their eyes the experience of the Kazzoloto [Kazakh Gold] Combine, which was also turned over to Canadians and has already stood idle for about a year now. Willy-nilly, people start to have doubts: are foreign companies really so interested in the recovery of our country's industry, whose output would be competitive on the world market? After all, that could easily result in a drop in world prices and a loss of positions that Western companies have spent decades and millions to gain. Wouldn't it be simpler to take over the levers of management, thereby controlling the situation. It would be a lot cheaper.

However, all that belongs to the realm of conjectures. Although you have to admit they are not without some basis.

And is it possible to break out of the crisis without overseas help? People at the combine believe it is entirely possible. All it would take is to take out a loan, against government guarantees, from those same foreigners and grant the combine real independence. Of course, that opinion is not indisputable. But its chief merit is that the republic would maintain full control over its strategic raw material. Uranium, after all, is not aluminum.

Tajikistan

Tajikistan: Draft Law on National Capital Presented

964F3107A Dushanbe VECHERNIYE VESTI in Russian 18 Jul 96 No 2, p 2

[Notice from City of Dushanbe and Text of Draft Law of the Republic of Tajikistan "On the Status of the Capital of the Republic of Tajikistan"]

[FBIS Translated Text] **Esteemed Fellow Citizens!**

On 6 November 1994 the people of Tajikistan, while adopting and proclaiming the Constitution (Basic Law) of the Republic of Tajikistan, declared the city of Dushanbe to be the capital of the Republic of Tajikistan.

This great vote of confidence by the people is not only gratifying to us but also gives us, the citizens of Dushanbe, additional rights and duties which, naturally, should be regulated by the norms of the Law. In connection with this and in conformity with the decision of the fifth session of the Dushanbe City Madzhlis of People's Deputies, first convocation, we offer for your discussion the draft Law of the Republic of Tajikistan "On the Status of the Capital of the Republic of Tajikistan." We are certain that each of you, as a true citizen of Dushanbe, will respond sincerely to this and, upon becoming familiar with the draft law, will make your contribution to improving the legal base of the city which is the capital of our native land.

You have until 25 July 1996 to send your comments and suggestions to the address of the Dushanbe City Khukumat [possibly Mayor's Office] or to communicate them by telephone as follows:

21-22-27, the Dushanbe City Khukumat;

36-98-59, Frunzenskiy Rayon;

24-64-52, Oktyabrskiy Rayon;

33-60-12, Tsentralnyy Rayon;

27-90-42, Zheleznodorozhnyy Rayon.

P.S. It is requested that all concerned ministries and departments review the present draft law as an official document and submit their comments and suggestions on it in written form to the Dushanbe City Khukumat before 20 July 1996.

The Dushanbe City Khukumat

Law of the Republic of Tajikistan "On the Status of the Capital of the Republic of Tajikistan"

The present Law establishes the status and defines the organizational, legal, economic, and social conditions for the city of Dushanbe to perform the functions of capital of the Republic of Tajikistan.

Article 1. The Capital of the Republic of Tajikistan

In conformity with the Constitution of the Republic of Tajikistan the capital of the Republic of Tajikistan is the city of Dushanbe.

The city of Dushanbe is the political, scientific, and historical-cultural center and the location of the supreme organs of state power, the representative office of the Gorno-Badakhshan Autonomous Oblast, and the diplomatic representative offices of foreign states and international organizations in the Republic of Tajikistan.

The territory of the capital of the Republic of Tajikistan is the territory of the city of Dushanbe.

Article 2. Legislation on the Capital of the Republic of Tajikistan

Legislation on the capital of the Republic of Tajikistan is based on the Constitution of the Republic of Tajikistan and comprises the Constitutional Law "On State Power in Local Areas," the present Law, the Charter of the city of Dushanbe, and other enactments and legislation of the Republic of Tajikistan.

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Article 3. The Concept of the Status of Capital of the Republic of Tajikistan

The "status of capital of the Republic of Tajikistan" means the legal position of the city of Dushanbe, conditioned on the special features of the rights and duties of the organs of state power of the city of Dushanbe established by the present Law in connection with the city of Dushanbe's performance of the functions of capital of the Republic of Tajikistan.

In terms of its status the city of Dushanbe is a city of republic significance.

Article 4. Legal Regulation of the Status of the Capital of the Republic of Tajikistan

In conformity with the Constitution of the Republic of Tajikistan the status of the capital of the Republic of Tajikistan is established by the present Law.

The organs of state power of the Republic of Tajikistan, upon agreement with the organs of state power of the city of Dushanbe, may transfer the performance of some of their powers established by the present Law to those organs. The organs of state power of the city of Dushanbe, upon agreement with the organs of state power of the Republic of Tajikistan, may transfer the performance of some of their powers established by the present Law to them.

Relations between the organs of state power of the Republic of Tajikistan and the organs of state power of the city of Dushanbe which arise in connection with the city of Dushanbe's performance of the functions of capital of the Republic of Tajikistan and are not regulated by the present Law are regulated by agreements concluded between these organs.

Article 5. The Powers of Organs of State Power of the City of Dushanbe in Connection with the City of Dushanbe's Performance of the Functions of Capital of the Republic of Tajikistan

In connection with the city of Dushanbe's performance of the functions of capital of the Republic of Tajikistan the organs of state power of the city of Dushanbe:

grant, by established procedures, plots of land, buildings and structures, premises, housing, and municipal, transport, and other services to the organs of state power of the Republic of Tajikistan, the representative office of the Gorno-Badakhshan Autonomous Oblast, and the diplomatic representative offices of foreign states and international organizations in the Republic of Tajikistan;

ensure essential conditions for holding national and international events;

participate in the development and implementation of republic target programs for the development of the city of Dushanbe, the capital of the Republic of Tajikistan;

participate in maintaining and developing the systems of communication and general-use highways, and other transportation systems in the territory of the city of Dushanbe;

coordinate the draft master plan for the city of Dushanbe with the organs of state power of the Republic of Tajikistan.

Article 6. The Assistance of the Organs of State Power of Rayons of Republic Subordination in the City of Dushanbe's Performance of the Functions of Capital of the Republic of Tajikistan

The organs of state power of rayons of republic subordination assist in the city of Dushanbe's performance of the functions of capital of the Republic of Tajikistan by participation:

in development and realization of republic target programs for development of the city of Dushanbe, the capital of the Republic of Tajikistan, whose impact spreads to the territory of the rayons of republic subordination;

in construction, reconstruction, and maintenance, in the territory of rayons of republic subordination, of the sites necessary for the city of Dushanbe to perform the functions of capital of the Republic of Tajikistan in conformity with agreements concluded with organs of state power of the city of Dushanbe;

in maintenance and development of the systems of communications and general-use highways and other transportation systems, in the territory of rayons of republic subordination, linked with the city of Dushanbe's performance of the functions of capital of the Republic of Tajikistan;

in development of municipal service facilities that serve the general needs of the city of Dushanbe and the rayons of republic subordination;

in conduct of joint environmental protection measures in the city of Dushanbe and the rayons of republic subordination.

The expenditures of rayons of republic subordination in connection with assistance in the city of Dushanbe's performance of the functions of capital of the Republic of Tajikistan are reimbursed through subventions from the republic budget and through payments for services rendered to rayons of republic subordination by organs of state power of the Republic of Tajikistan and the appropriate enterprises, establishments, and organizations.

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Article 7. Reimbursement of the City of Dushanbe's Expenditures in Connection with Its Performance of the Functions of Capital of the Republic of Tajikistan

The expenditures of the city of Dushanbe in connection with its performance of the functions of capital of the Republic of Tajikistan are reimbursed in full through subventions from the republic budget of the Republic of Tajikistan and through payments made by the supreme organs of state power of the Republic of Tajikistan as well as diplomatic representative offices of foreign states and international organizations in the Republic of Tajikistan for services rendered by the city.

Subventions from the republic budget of the Republic of Tajikistan for the city of Dushanbe's performance of the functions of capital of the Republic of Tajikistan in rubles or foreign currency are allocated in a special line in the republic budget of the Republic of Tajikistan.

Article 8. Special Features of Future Planning of the Development of the City of Dushanbe

The draft Master Plan of Development of the City of Dushanbe is developed by the Khukumat of the city of Dushanbe and coordinated with the Government of the Republic of Tajikistan in the part related to the city's performance of the functions of capital of the Republic of Tajikistan.

The Master Plan of Development of the City of Dushanbe is ratified by the Madzhlis of People's Deputies of the city of Dushanbe.

Disputes which arise over issues of future planning of the development of the city of Dushanbe are resolved by reconciliation commissions formed by concerned organs or state power on a parity basis.

Article 9. Ownership of Buildings, Structures, and Premises Occupied by the Supreme Organs of State Power of the Republic of Tajikistan and Ownership of the Plots of Land on Which the Buildings and Structures Are Located

Buildings and structures located in the territory of the city of Dushanbe and premises in which the supreme organs of the legislative, executive, and judicial branches of the Republic of Tajikistan, the office of the procurator of the Republic of Tajikistan, the National Bank of the Republic of Tajikistan, and the Pension Fund of the Republic of Tajikistan are located as well as the plots of land on which these buildings and structures stand are owned by the Republic of Tajikistan.

Article 10. Leasing of Buildings, Structures, and Premises Owned by the City of Dushanbe to the Supreme Organs of State Power of the Republic of Tajikistan, the Representative Office of the Gorno-Badakhshan Autonomous Oblast, and the Representative Offices of Foreign States and International Organizations in the Republic of Tajikistan.

Buildings, structures, and premises in the municipal ownership of the city of Dushanbe are leased by the Khukumat of the city of Dushanbe to the supreme organs of state power of the Republic of Tajikistan and the representative office of the Gorno-Badakhshan Autonomous Oblast in the manner established by the law of the Republic of Tajikistan. Buildings, structures, and premises in the municipal ownership of the city of Dushanbe are leased by the same procedure to the diplomatic representative offices of foreign states and international organizations in the Republic of Tajikistan if international agreements of the Republic of Tajikistan do not provide otherwise. In deciding questions of granting leases to these buildings, structures, and premises the interests of the diplomatic representative offices in the Republic of Tajikistan in relations with the organs of state power of the city of Dushanbe are represented by organs authorized by the Republic of Tajikistan.

Article 11. Special Features of Conducting Rallies, Meetings, Street Marches, Demonstrations, Picket Lines, and Mass Protests in the City of Dushanbe, the Capital of the Republic of Tajikistan

Rallies, meetings, street marches, demonstrations, picket lines, and mass protests in the city of Dushanbe, the capital of the Republic of Tajikistan, are not permitted in territories directly adjacent to buildings occupied by the supreme organs of the legislative, executive, and judicial branches of government of the Republic of Tajikistan, with the exception of demonstrations by citizens and military parades dedicated to famous dates following a decision of the supreme organs of state power of the Republic of Tajikistan. The boundaries of these territories are established by the chairman of the city of Dushanbe in coordination with the indicated supreme organs of state power.

The conditions and procedure for conducting rallies, meetings, street marches, demonstrations, picket lines, and mass protests are determined by the legislation of the Republic of Tajikistan.

Article 12. The Charter of the City of Dushanbe

The Charter of the city of Dushanbe, the capital of the Republic of Tajikistan, is adopted by the Madzhlis of People's Deputies. The draft Charter, in the part concerning the city of Dushanbe's performance of the its functions, is coordinated with the Presidium of the

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Madzhlis Oli and the Government of the Republic of Tajikistan. The procedure for this coordination is established by the Presidium of the Madzhlis Oli of the Republic of Tajikistan. Amendments and additions to the Charter are made in the same manner.

President of the Republic of Tajikistan E. Rakhmonov

Turkmenistan

Turkmenistan: Niyazov Outlines Progress, Goals

964F3101A Moscow NEZAVISIMAYA GAZETA in Russian 31 Jul 96 p 5

[Interview with Saparmurad Niyazov, president of Turkmenistan, by Grigoriy Kolodin under "Turkmenistan" rubric: "Saparmurad Niyazov: 'We Will Leave to Our Descendants a Flourishing Democratic Secular and Neutral State'"]

[FBIS Translated Text] [Kolodin] Mr president, just a few months before the fifth anniversary of the day of the proclamation of the independence of Turkmenistan, it appears that a very appropriate question for the start of our conversation is that of your assessment of the course of these five years.

[Niyazov] Setting aside all false modesty, I will say that we have a right to be proud of a great deal of what has been accomplished in this interval of time that is quite short by historical standards but that for the young independent state has nevertheless truly become equal in significance to the deeds of entire centuries. To take the abrupt path from the most backward former Soviet republic in socioeconomic terms, playing the unenviable role of an appendage for raw materials, to a country that the world community officially recognizes as a neutral state and a kind of regional peacekeeping center, which has been transformed into a gigantic construction site, literally before our eyes creating its own up-to-date processing industry and carrying out fundamental reforms in combination with a social protection of the population unlike any other on the planet—such a thing cannot fail to gratify and inspire. And we cannot fail to appreciate highly the fact that we took this path without any social upheavals and cataclysms, with national consolidation and interethnic accord. Is it not an accomplishment that no blood was shed on our land, that we did not allow our children to become orphans or the appearance of refugees, and that we not only avoided conflicts with our neighbors but, on the contrary, established very favorable relations with all of them? And I am happy that we will not have to blush before our descendants for all of this. Moreover, I am profoundly convinced—and there is every reason for such assurance—that we will leave to future generations a state with authority in the world and a flourishing democratic secular state with wonderful prospects.

[Kolodin] Some of the mass media, in depicting the contemporary Turkmenistan, try to give the reader the impression of your country as a kind of nursery of conservatism. In so doing, "outside the picture" are the major reforms being carried out in the state. What can you say about this?

[Niyazov] Let us leave such a "selective" approach to the illumination of our actions and the processes taking place here to the conscience of individual unprincipled journalists. The unbiased observer cannot fail to notice the substantial progress in the accomplishment of fundamental reforms in the society and economy. In developing our own transitional model taking into account national peculiarities, a model that has become the core of the reform program approved by the People's Soviet under the motto "10 Years of Stability," we are moving toward our objective of a country with a free market economy and strong social protection of the population gradually, step by step, and without any leaps and jerks. Here is an eloquent example. While the parliaments of several other states of the CIS were debating the possibility of the introduction of private ownership of the land, we in Turkmenistan were resolving our land question practically and specifically. We turned previously idle lands or those poorly used by public farms over to people free of charge either for private ownership or for long-term leasing with the right of inheritance. In so doing, the process is strictly controlled by the state, which is pursuing two main goals—to establish a class of landowners capable in the near future of guaranteeing the country's independence with respect to food and, at the same time, not to permit the squandering of the fruitful land and speculation in it. Today almost 4,000 citizens of Turkmenistan have become owners of land with a total area of 100,000 hectares. As a result, the competition between private owners and the public sector in agriculture is becoming more and more perceptible. And if we take animal husbandry, then in terms of production and deliveries of output they already surpass the daykhanskiye associations established on the basis of the former kolkhozes and sovkhozes. Our rural reform is sufficiently democratic: no one form of management is being imposed on peasants from above and the government is trying to an equal degree to support all commodity producers—collective, leased, contract, family, and cooperative farms.

In general, we do not see privatization as a goal in itself. For this reason, we are carrying it out with much thought and in stages. As of today, we have turned over to private ownership more than 1,500 enterprises primarily providing domestic services to

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the population and 500 stores. The main condition of the denationalization here was the preservation of the nature of the work and jobs. We began privatization of small and medium-sized plants, shops, and factories in industry and transportation. The class of owners is growing stably and there are now more than 20,000 people employed in the system of private commodity producers alone. It may be that to some these figures will not appear very impressive. We are consciously not forcing the process, for it is linked with the very painful question for any country in transition of the speed and degree of stratification of the society into rich and poor people. Of course it was possible to privatize enterprises of the oil and gas branch and to make 2,000-3,000 millionaires within a few months. But we will not take this step, for such actions would inevitably have a negative impact on the standard of living of the poorer strata of the population.

[Kolodin] Since you, Saparmurad Atayevich, touched on the subject of the fuel and energy complex, which is a basic branch of the country's economy, and the speed of overall reforms and budgetary outlays for social needs will depend largely on its work, I would like to hear your characterization of the present state of this unique "locomotive" of the republic's national economy. What are the prospects for the establishment of alternative outlets to world markets for Turkmen energy sources?

[Niyazov] It is well known how great the natural and raw-materials potential of Turkmenistan is. Today our country's hydrocarbon resources are estimated at 15-21 trillion cubic meters of gas and 6.5 billion tonnes of oil. Our reserves and the future prosperity of the nation are found in the utilization of this inexhaustible wealth. It is understandable that the government has made this branch a top priority. We recently allocated about $500 million for the creation of new capacities of our oil refineries and we are cooperating actively with foreign investors, firms, and companies that are participating in the search for and development of deposits, the extraction of hyrdrocarbons, and their delivery to consumers. We are putting particular hopes on the joint-stock company TRAO "Turkmenrosgaz" established at the end of last year, which has obtained, in particular, the right to see all of the natural gas produced in the republic.

In recent years, unfortunately, our gas producers have been forced to work at far under full capacity in connection with the difficulties in the payment of deliveries of fuel to the countries of the CIS. The root of several of our difficulties is found in this problem of reciprocal accounts: the pace of economic reforms, the inadequate saturation of the commodity and food markets, and the still far from desired strength of the national currency—the manat. If our partners would have paid on time for the natural gas for a total of $2.5 billion delivered in recent years, then our economy would have developed more rapidly. Nevertheless we understand the situation of the countries of the CIS that are our debtors and found it possible to help them out, drawing up part of the debt in the form of long-term government credits. In this way, essentially Turkmenistan acted somewhat unexpectedly, being forced to act as a major investor in the economies of Ukraine and Georgia. I want to stress in particular that in its approaches to the resolution of the problem of reciprocal accounts our country is proceeding from the strategic nature of cooperation and friendship between our countries and peoples and the necessity of seeking and finding mutual compromises.

Immediately after gaining our independence, we began to develop plans for the laying of alternative gas pipelines for the transport of Turkmen energy sources to world markets. At the present time, a 140-km gas pipeline is being built from Korpedzhe (Turkmenistan) to Kurt Kui (Iran), which essentially represents the first stage in the realization of a project for a gas pipeline along the route Turkmenistan-Iran-Turkey-Southern Europe. As early as next year our neighbors will be able to obtain about 8 billion cubic meters of natural gas annually.

Active preparations are continuing for the beginning of the realization of still another project that foresees the laying of a gas pipeline to Pakistan through Afghanistan with an initial throughput capacity of 20 billion cubic meters a year. This plan has good prospects, for Pakistan has an acute need for energy sources and we are capable of increasing their production.

Electric power has become an important item in our exports in recent times. The country produces more than 8 billion kilowatt hours of electric power a year and more than 1.5 billion of this amount is exported to Kazakhstan and Afghanistan, whereas in the near future, after the laying of the corresponding line, Iran and Armenia will import eletric power produced here.

With respect to the overall results of last year, just as previously, Turkmenistan maintained a positive foreign trade balance: of the total sum of the commodity turnover of $3 billion, $1.75 billion went for exports.

[Kolodin] An undoubted achievement of the government under your leadership may be considered to be the successful conclusion of a project that just a few years ago some thought unrealistic for the uniting of the railway systems of Turkmenistan and Iran, thanks to which your country has taken a very important step on the way to becoming a major transportation and transit center....

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[Niyazov] This is also one of the most important strategic tasks—using our advantageous geopolitical position, establish the conditions for the transit of freight and passengers through the republic from the east to the west and from the south to the north. Today these plans have taken on a real shape. With the beginning of the operation of the railroad Tedzhen-Serakhs-Meshkhed, it is possible to draw the conclusion from the first requests for the passage of goods that the main line will operate with a great load: Russia, Kazakhstan, Uzbekistan, Iran, Turkey, and many other countries intend to make active use of our transit. And we see an advantage not only in the annual receipt of millions in profit directly from the transit but also in the increased possibilities for integration into the world economy.

The successful conclusion of the project has still another and perhaps more important meaning. It is a matter of a morale factor: we have become convinced that we can carry out big plans and tasks on an international scale and this assurance of our strengths is worth a lot.

Waiting in line is the establishment of the transport corridor Astrakhan-Yeraliyev-Bekdash-Turkmenbashi (the former Krasnovodsk)-Bender-Turkmen (Iran) and new outlets to southern contiguous countries.

[Kolodin] An acquaintance of mine from Ashkhabad, thinking about you, had a curious thought. He said that you have already gone into the history of Turkmenistan not only as the first president of the independent state but as the country's First Builder. And my friend had in mind not the second but the first basic meaning of this word, meaning, let us put it this way, your lack of indifference toward the leadership of the construction business. How do you feel about such an assessment?

[Niyazov] It is a pleasant and encouraging assessment. We had the good fortune to rebuild an independent Turkmen state brick by brick. That is a great honor and an enormous responsibility at the same time. But in establishing and strengthening the structures, bodies, and institutes that make up a unified state mechanism, we must build the country in the literal sense, especially since they were not interested in doing much construction in Turkmenistan in the Soviet years. Today the situation is changing fundamentally: the dynamics of the building of the facilities is beyond the imagination even of experienced specialists. More than a hundred large facilities of the processing industry and for social, cultural, and community services were built in a very short time. A hotel infrastructure has been established that meets international standards, an international airport has been built at the capital, substantial housing construction is under way, roads are being rebuilt, cities and villages are being put in good order, and quite recently we began to establish National Independence Park, which will be a main item of interest of the country.

As for my striving personally to delve into the problems of each major construction project and to participate in the acceleration of the work, this comes not only from my character but probably also primarily from my desire to build some facility or other as quickly as possible and to see the visible fruit of the labor to create the future of a wonderful state.

[Kolodin] The policy of the state's social protection of the population that is being carried out in Turkmenistan is evoking natural interest in the world. And this is easily explained, for its content is largely unique and without precedent. Have you not had to regret the unordinary step taken three years ago, when you decided to provide the population free electric power, natural gas, and potable water?

[Niyazov] By no means. I did not even allow a thought in this direction. On the contrary, with time I am becoming more and more convinced of the correctness of choosing such an unordinary measure of social protection of the population, for its application made it possible for every citizen of Turkmenistan to receive his specific share of the total national wealth practically daily and to sense hourly the support of the state in this complex transitional stage of reforms.

It should be stressed that we have just touched on only one element of our system of social protection, although it may be the most outstanding and characteristic element. But if one takes the system as a whole, then it will appear very diverse in its forms and methods. We are still allocating large subsidies for the support of the prices for food and necessities at an acceptable level, preventing inflation. We regularly raise wage and social payments and maintain purely symbolic rates for housing and low prices for public transportation. Still practically free is the care of children in day nurseries and kindergartens, education, and medical services. Recently specialists from our State Committee for Statistics carried out a study, the results of which graphically demonstrate how noticeable is the role played by the measures of social protection undertaken by the government in the lives of the citizens of Turkmenistan. Thus, if the wage income of the average inhabitant of the country is taken as a unit, then the total income taking into account the entire complex of social payments, compensation, and privileges amounts to 3.5 units in terms of state prices, it is 7 units in commercial internal republic prices, and almost 10 units based on world prices.

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I declare responsibly that in the future as well any decision on the carrying out of structural changes in the state and economic reforms will be made only when there is the assurance that they will not result in infringements of the interests of the majority of the population.

[Kolodin] In your speeches and interviews, you are constantly stressing the priority nature of bilateral cooperation in Turkmenistan's foreign ties, whereby first place in the ranks of strategic partners is always given to Russia. What is your point of view on the present state of Turkmen-Russian partnership?

[Niyazov] In establishing an independent Turkmenistan, we often turn to history, for precisely in it are not only roots and origins but sometimes a marvelous mirror of the future as well. Turkmens and Russians are linked with truly indestructible thousand-year ties. Beginning in the eighth century, our anscestors interacted directly. Merchants of Russia utilized caravan trails across the Turkmen steppes and deserts on the way to the Near East and India. The products of Turkmen armorers and jewelers and carpets enjoyed enormous demand in the Astrakhan and Ural bazaars. Direct contacts between our peoples developed on the Volga and Caspian Sea in those remote times.

Today, when both of our countries are building a new state order and when the sovereignty of Turkmenistan has acquired real content with the help and support precisely of Russia, we are proceeding on the basis of the fact that Russia is our main partner and our strategic ally. If we look back at history, then perhaps it is more accurate to say permanent. We are proud of our partnership in the area of politics, economics, and military cooperation and we are basing ourselves strictly on the national interests of the two states that do not contradict the interests of any third sides.

Russia has provided invaluable help in the formation and strengthening of Turkmen armed forces, we have gained excellent experience in the joint guarding of external borders, and there is a great potential for cooperation in the oil and gas complex, in the building and operation of new transport lines, and in trade.

It appears that it is by no means accidental that Russia and Turkmenistan were the first in the CIS to conclude an agreement on dual citizenship and on the protection of the rights of migrants and to adopt other documents providing legal and social guarantees for citizens permanently living in our countries.

At the same time, in my view, today's level of our partnership does not yet meet either the needs or the possibilities of the two states. It is necessary for us take new steps toward each other and to be more resolute in strengthening our civilized, satisfactory, and confidential strategic partnership.

[Kolodin] This year Turkmenistan chairs the Organization of Economic Cooperation (EKO), where international observers note a marked activation of the role of the country that you head. At the same time, one has the impression that at times in the CIS Turkmenistan appears to be a participant that is taking a cautious position. Does this not mean a kind of reorientation in the system of world coordinates?

[Niyazov] No, it does not, if only for the simple reason that six countries—Turkmenistan, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, and Azerbaijan—are simultaneously members of the CIS and the EKO. As for the role of Turkmenistan in the Commonwealth of Independent States, I want to emphasize the principled nature and consistent awareness of our position. Highly valuing the importance of the CIS in the organization of multifaceted cooperation between the states that formed in the space of the former Union and actively participating in this process, Turkmenistan sees its role in it as a partner developing ties with all countries without exception primarily on a bilateral basis. At the same time, we favor multiple forms of integration in the scope of the Commonwealth and we view the CIS as consultative body that has by no means exhausted its potential.

We adhere to a similar principle in the scope of the EKO, although at first glance these two structures are different. But if one wishes he can see many similarities in them, above all the striving of states that are quite different in terms of their organization and political orientation to restore the former economic and cultural ties between the peoples on a new basis in a transformed world, to build partnership that guarantees advantages for all, and to coexist without wars and conflicts.

Without in any way contrasting the CIS and the EKO and making this position the basis of our policy, we simultaneously see in the longer term many points of contact between the two alliances, above all in the resolution of global and regional tasks and in specific questions in cooperation. The rather dynamic trilateral development scheme may serve as a confirmation of this. The "triangular diplomacy" that we initiated is already yielding visible results in our cooperation with Iran, Armenia, and Ukraine. We hope that in the near future still another "triangle" will begin to work—between Turkmenistan, Iran, and Russia. There are possible variants with the participation of a larger number of countries. The main thing is that, in renouncing ideological prejudices and discarding the political conflicts and ambitions of leaders, we solve specific problems in the economy,

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improve the lives of our people, and bring them closer together in a humanitarian sense.

[Kolodin] The adoption of the resolution "On the Permanent Neutrality of Turkmenistan" by the UN General Assembly on 12 December 1995 was a kind of exaltation of the policy carried out in the international arena under your leadership. What hopes do you link with this resolution and to what extent does it influence the correction of the foreign-policy course?

[Niyazov] The recognition by the world community of the permanent neutrality of Turkmenistan is without exaggeration a great event in the history of our country. The resolution that was passed for the first time in the practice of the United Nations with the complete consensus of the representatives of 185 states of the world was the logical culmination of meticulous efforts to realize the policy of "open doors" and noninterference in the internal affairs of other countries that has been carried out from the first days after the proclamation of independence. Thus, de-facto our positive peacekeeping potential has been recognized at the highest level. I especially want to stress the fact that the international support of our external course is no accident. More and more people in the world understand that the neutrality of Turkmenistan corresponds to the common interests of our neighbors, for it opens up broad prospects for the development of mutually advantageous cooperation in the region and for the stabilization of the situation and the creation of a climate of mutual respect and trust. Graphic evidence of this is the accomplishment by Turkmenistan of the honorable and key mission to provide the necessary conditions for the inter-Tajik dialogue, the latest stage of which was concluded a few days ago in Ashkhabad with the signing of very important documents in the sense of the prospects for the settlement of the conflict.

It seems to me that our neutrality is spreading beyond the boundaries of Turkmenistan in unique geographic circles of trust and good will. The first circle is that of our closest neighbors—Uzbekistan, Iran, Afghanistan, Kazakhstan, Azerbaijan and Russia on the other side of the Caspian, and then Turkey, Pakistan, India, China...and so on, including all the regions of the earth. Turkmenistan is a small point in the geographic scope of the planet but the scale of values in geopolitics and international relations has a different system of measurements. The more points that send out good political impulses, the better our world will be.

Overall our foreign-policy course does not require that we make any major corrections today. The only thing that we will do everything possible to develop and deepen is our cooperation with international organizations and in the scope of the CIS and EKO and bilateral partnership with our neighbors and with all other states. We will steadily pursue our course of the achievement of peace and stability in the region and the settlement of all disputed questions exclusively through negotiations.

Turkmenistan: Three-way Economic Talks Held in Kiev

96P50115A Ashgabat TURKMENISTAN in Turkmen 28 Jun 96 p 3

[Unnattributed Article: "Drafts for Turkmen-Iranian-Ukrainian Cooperation Are Being Discussed in Kiev"]

[FBIS Translated Text] Kiev, 27 June (Turkmen Press)

Today a three-way discussion took place here on the issue of economic-trade and investment cooperation between Turkmenistan, The Islamic Republic of Iran and Ukraine. Turkmenistan's foreign minister Boris Shykhmyradov, Iran's foreign minister Ali Akbar Velayati, and Ukriane's deputy premier who heads the country's fuel-energy complex, Vasyl Yevtukhov, led the government delegations.

During the talks the sides confirmed the mutal interests for long-term cooperation in the fields of trade-economy and investment. In May 1995 in Tehran they noted the future steps in the realization of the conditions set forth in the memorandum signed by the foreign ministers of the three countries. There the initial three-way meeting of the heads of the foreign policy departments took place and this issue was then again taken up in September of last year in Ashgabat.

The Turkmen, Iranian, and Ukrainian delegations discussed three draft agreements in Kiev. The first determines the basic principles for trade and economic cooperation. They [all] explain the mutual and general interests of the three countries. More specifically, what is in mind here is the realization of the sending of goods and services from Iran to Turkmenistan based on Ukraine's supplying to Iran goods and services which is in turn based on the debt of Ukraine to Turkmenistan for natural gas.

The necessity of working out credit relations and a beneficial system of mutual accounts was also noted. These will be guided with special inter-bank agreements. The Turkmen-Iranian-Ukrainian Committe for the Direction of Trade-Economic and Investment Cooperation will exercise control over the realization of the agreements.

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Turkmenistan: New Energy Apparatus Formed

964F3104A Ashgabat NEYTRALNYY TURKMENISTAN in Russian 2 Jul 96 p 1

[Article: "Saparmurat Turkmenbashi Has Ratified a New Structure for the Country's Fuel-Energy Complex"]

[FBIS Translated Text] Ashgabat. 1 July. (Turkmen Press). At a special session of the State Council held today, Turkmen President Saparmurat Turkmenbashi ratified a new structure for the country's fuel-energy complex. As the president noted, this is required by the condition of the sector today, characterized by a reduction in the rate of oil adn gas extraction, an increase in the number of idle wells, unsatisfactory material-technical supply to production enterprises, and lack of a purposeful program to develop promising deposits.

After a short excursion into the history of the development of the oil and gas sector, Saparmurat Turkmenbashi noted the significance of efficient and coordinated work by the country's fuel-energy complex, which plays a leading role in the economy of Turkmenistan, which is moving along the path of reforms toward a market economy. Possessing rich energy resources, we must organize the work of our oil and gas sector in such a way as to ensure accelerated economic development and on this basis significantly improve the well-being of the people, Saparmurat Turkmenbashi emphasized.

In recent times, the President of Turkmenistan stated, the Ministry of Oil and Gas has accumulated a large number of debt obligations. Despite granting credit for numerous projects to develop the sector, the planned raw material return still has not come in. Saparmurat Turkmenbashi pointed to incorrect distribution of money earned by enterprises of the sector, traditional delays in wage payments to collectives working in the sector, and the constant imbalance between the income and expenditure parts of the budgets of the ministry's production subdivisions. All of this holds back an increase in extraction of hydrocarbon raw material and preparations to exploit new deposits.

In order to eliminate shortcomings in the structure of the oil and gas complex, Saparmurat Turkmenbashi by edict abolished the Turkmen Ministry of Oil and Gas and formed the Ministry of Oil and Gas Industry and Mineral Raw Materials. The new ministry is expected to ensure that uniform state policy is followed in questions of development of the fuel and energy complex and to ensure analytical study of the development of the country's mineral raw material base.

Saparmurat Turkmenbashi then made public the government's decision to form three state concerns and two state corporations. The state concern Turkmenneft is formed on the basis of the Balkanneftegazsenagat concern. All the country's gas-extracting enterprises are transferred to the state concern Turkmengaz. The construction trusts and organizations of the oil and gas sector were included in the state concern Turkmenneftegazstroy. The Turkmengeologiya Production Association for Geological Exploration is converted into a state corporation of the same name and unites the geology and geophysics enterprises of the ministry of oil and gas. The corporation will work on organizing targeted prospecting for and exploration of both hydrocarbon deposits and other mineral products.

Organization of the production of petroleum products and gas refining, supply of gas and petroleum products to the population, clearing payments for gas, and all foreign trade contacts are assigned to the state trading corporation Turkmenneftegaz.

The heads of the newly formed ministry and state enterprises were named at the meeting. They will at the same time be members of the council of the State Fund for Development of the Oil and Gas Industry and Mineral Resoruces of Turkmenistan.

As Saparmurat Turkmenbashi emphasized, the new concerns and corporations operate as state companies and are subordinate to the President of Turkmenistan and the country's Cabinet of Ministers. Their production activity is based on the principles of full cost accounting.

In conclusion Saparmurat Turkmenbashi called on the heads of the country's oil and gas industry to celebrate the fifth anniversary of Turkmenistan's independence in a worthy manner. Saparmurat Turkmenbashi's speech will be published in full in one of the coming issues of the newspaper.

Turkmenistan: New Energy Minister Appointed

964F3104B Ashgabat NEYTRALNYY TURKMENISTAN in Russian 2 Jul 96 p 2

[Text of Presidential Edict and article]

[FBIS Translated Text] **Edict of the President of Turkmenistan Concerning Comrade G. Nazdzhanov**

Comrade G. Nazdzhanov is appointed minister of oil and gas industry and mineral resources of Turkmenistan and is freed from his duties as deputy minister of oil and gas of Turkmenistan.

President of Turkmenistan Saparmurat Turkmenbashi
City of Ashgabat 1 July 1996

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Gochmurad Nazdzhanov

He was born in 1946 in the town of Gyaur in Kazandzhikskiy District. He is a Turkmen.

He graduated from the Turkmen Polytechnic Institute in 1970. His labor activity began in 1970 in the position of engineer at the Gidroturkmenneft Institute in the city of Nebitdag. He later occupied various positions in the Turkmen branch of VNIIGAZ [All-Union Scientific Research Institute of Gas]. In 1985 he was appointed deputy director for science of the VNIIGAZ TF [trading company], and from 1994 to 1995 worked as director of the Institute of Oil and Gas of Turkmenistan.

In 1995 G. Nazdzhanov became deputy minister of oil and gas of Turkmenistan.

Turkmenistan: Oil and Gas Ministry Abolished, Replaced

964F3102A Ashgabat NEYTRALNYY TURKMENISTAN in Russian 2 Jul 96 p 1

[Text of the Edict of the President of Turkmenistan "On Improving the Management of the Oil and Gas Complex and Rational Use of Mineral Raw Material Resources"]

[FBIS Translated Text] Turkmenistan, possessing unique natural resources and the world's richest reserves of oil, gas, and mineral raw materials, as an independent state implementing a policy of political neutrality has every opportunity and condition for accelerated economic development and growth in public well-being.

Development of geological exploration appropriate to the level of reserves of natural raw materials, a sharp increase in the volume of extraction of natural gas and oil, and deeper processing of oil and gas are the key conditions for development of the country's economy.

However, the existing system of management is holding back normal organization of prospecting-exploration work and the development of oil and gas deposits and extraction.

For the purposes of eliminating shortcomings in the structure and management of the oil and gas complex, which is of great state importance, expanding the scale of work in prospecting for and exploiting new deposits, increasing the extraction of oil, gas, and mineral raw materials, and supporting the programs with financial resources, **I decree:**

1. The Ministry of Oil and Gas of Turkmenistan is abolished.

2. The Ministry of Oil and Gas Industry and Mineral Resources of Turkmenistan is formed and given the functions of a state management organ for using mineral raw material resources rationally, conducting analytical work, and preparing future plans and statewide programs for development of the mineral raw material base and increasing the volume of extraction of oil and gas and solid minerals and their processing.

The Ministry of Oil and Gas Industry and Mineral Resources of Turkmenistan will ensure that a unified state and technical policy is followed in matters relating to the working of deposits and will not allow intervention in the operational economic activities of enterprises.

3. The State Concern Turkmenneft, with headquarters in the city of Nebitdag, will be formed on the base of the Balkannebitgazsenagat concern. It will be given responsibility for working oil deposits and organizing oil extraction in all Turkmenistan.

4. The State Concern Turkmengaz, with headquarters in the city of Ashgabat, will be formed on the base of the gas extracting enterprises of the Ministry of Oil and Gas of Turkmenistan. It will be given responsibility for working natural gas deposits and organizing gas extraction and processing in all Turkmenistan.

The district gas extraction associations are abolished.

5. The State Concern for Construction of Oil and Gas Deposits Turkmenneftegazstroy, with headquarters in the city of Ashgabat, will be formed on the base of the construction trusts and organizations of the Ministry of Oil and Gas of Turkmenistan. It will be responsible for fulfilling the orders of the Turkmenneft and Turkmengaz state concerns and other enterprises of the oil and gas complex.

6. It is stipulated that the Turkmenneft, Turkmengaz, and Turkmenneftegazstroy state concerns operate as state companies subordinate to the President of Turkmenistan and the Cabinet of Ministers of Turkmenistan and have full independence in questions of operational management of production and economic activity.

The chairmen of the concerns and their deputies are appointed by the President of Turkmenistan and are responsible to him for fulfilling the oil and gas extraction assignments of the Design for Development of the Oil and Gas Industry of Turkmenistan.

The programs to increase the volume of extraction of oil and gas are financed through the concerns' own profit and through money from the State Fund for the Development of the Oil and Gas Industry and the Mineral Resources of Turkmenistan.

7. For the purposes of using the oil and natural gas extracted in the country more efficiently, processing oil

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and gas more deeply, supplying the fuel needs of the population and the economy, and increasing the export of oil, gas condensate, and petroleum products the State Trading Corporation Turkmenneftegaz is formed. The chairman of the concern and his deputies are appointed by the President of Turkmenistan.

The Turkmenneftegaz State Trading Corporation is charged with organizing work and answers to the President of Turkmenistan for:

producing petroleum products and refining natural gas;

supplying natural and compressed gas and petroleum products to the population, enterprises, and organizations of Turkmenistan;

concluding foreign trade contracts and organizing the export of natural gas, gas condensate, oil, and petroleum products in amounts coordinated with the Cabinet of Ministers of Turkmenistan;

ensuring delivery of goods and output against clearing accounts to pay for the export of natural gas and organizing mutual payments with consumers and suppliers of output, goods, and services.

It is stipulated that all earnings from the export of natural gas and petroleum productions and sale of excess petroleum products at free commercial prices go into special accounts of the State Fund for the Development of the Oil and Gas Industry and Mineral Resources of Turkmenistan and, after settlement with the budget and suppliers, are used for the purposes of the fund.

8. The Turkmengeologiya Production Association for Geological Exploration is abolished.

The Turkmengeologiya State Corporation is formed, joining together the enterprises and organizations engaged in geology, field geophysics, and deep exploratory drilling which formerly belonged to the Turkmengeologiya Production Association for Geological Exploration and the system of the Ministry of Oil and Gas of Turkmenistan.

It is stipulated that the development of geological exploration will be financed from capital of the State Fund for the Development of the Oil and Gas Industry and Mineral Resources of Turkmenistan according to programs approved by it and based on orders from the Turkmenneft, Turkmengaz, and Turkmenneftegazstroy state concerns and other enterprises and organizations.

The Turkmengeologiya State Corporation is charged with conducting targeted prospecting for and exploration of new deposits of oil and gas, underground waters, mineral products needed in the national economy, noble, ferrous, and nonferrous metals, and raw material for the chemical and construction industries.

The Turkmengeologiya State Corporation is subordinate to the Cabinet of Ministers of Turkmenistan and responsible to the President of Turkmenistan for the final results of completed geological exploration work and for transferring deposits for industrial incorporation.

The chairman of the corporation and his deputies are appointed by the President of Turkmenistan.

A system of large bonuses will be established for the creators and discoverers of deposits that are of state significance.

9. The State Fund for the Development of the Oil and Gas Industry of Turkmenistan is transformed into the State Fund for the Development of the Oil and Gas Industry and Mineral Resources of Turkmenistan.

The chairmen of the Turkmengeologiya State Corporation, the Turkmenneftegaz State Trading Corporation, and the Turkmenneft, Turkmengaz, and Turkmenneftegazstroy state concerns are to be members of the council of the fund of ministers of the oil and gas industry and mineral resources of Turkmenistan.

President of Turkmenistan Saparmurat Turkmenbashi
City of Ashgabat 1 July 1996

Uzbekistan

Uzbekistan: Results of Karimov's U.S. Visit Outlined

964F2928A Moscow NEZAVISIMAYA GAZETA in Russian 12 Jul 96 p 3

[Article by Albert Musin, under the rubric "Central Asia": "Uzbekistan Becomes a Subject in Geopolitics"]

[FBIS Translated Text] **Will the phenomenon of Uzbek "democracy" be preserved after President Karimov's visit to the United States?**

President Karimov's recent visit to the United States continues to arouse heightened interest, not least of all because of the marked desire of both parties not to draw special attention to it.

As INTERFAX reported, Islam Karimov, in commenting on the results of his visit, said that he assesses it as "very successful and fruitful." He expressed satisfaction with his meeting with Bill Clinton and noted that "the U.S. administration will help Uzbekistan strengthen ties with the West and maintain the country's independent path of development." Speaking of his meeting with U.S. Secretary of Defense William Perry, the president said that the agreement concluded at the Pentagon on

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military-technical cooperation is directed to bolstering stability in Central Asia with due regard for the war in Afghanistan and the tension in Tajikistan. He observed that Ukbekistan's cooperation with the Pentagon "is on a rising curve and will continue."

In Karimov's words the U.S. administration supported Uzbekistan's initiative to impose an embargo on weapons shipments to Afghanistan and to review this issue at the U.N. Security Council. As the president said, "There has not been a single international initiative by the United States that Uzbekistan would not support."

The details of Karimov's talks with the leadership of the CIA (especially), the FBI, and the Department of Defense as well as his brief talk with Clinton remained unclear. However, the plans which became known in advance for use in Tajikistan of a Uzbek-Kazakh-Kirghiz battalion which is now in training in the United States within the framework of the NATO "Partners for Peace" program, the participation of overseas instructors in forming Uzbek armed forces, and the desire of the Americans to get rid of Russian military specialists before the year 2000 point indicate the likely areas of activity, for example military cooperation.

The practical results of the visit have been portrayed in fairly good detail: six contracts were signed according to which the volume of direct investment by American companies in the Uzbek economy, now estimated at $200 million, increases roughly three-fold and will be directed to the development of deposits of gold, uranium, and nonferrous metals. In addition, the United States granted credit of $400 million for the development of the Uzbek oil and gas complex.

The main results of the visit are perfectly obvious: putting emphasis on Uzbekistan, the United States and Uzbekistan are greatly strengthening their posture in the region, not only through rich strategic resources but also by representing a critical crossroads in the immediate vicinity of Russia, China, and Iran which is, moreover, a traditionally important part of the turbulent Islamic world (indeed, the views of the parties toward them are practically identical). In turn President Karimov, by throwing open the doors for the Americans, has not only gotten recognition of Uzbekistan as the United States' main partner in Central Asia and confirmation as a regional superpower, but also decisive support for the Uzbek regime.

Not long ago Kazakhstan was considered to be the most attractive country in Central Asia for foreign investors. In recent times the lead has clearly been taken by Uzbekistan which, despite difficulties with conversion of the som, has created the most favorable investment climate of the CIS countries, according to the data of the Business Service & Direct Contacts research organization: joint ventures are not taxed for five years in Uzbekistan, the government monitors the economy and very dependably guarantees performance of contracts, an adequate number of skilled personnel are available, and all that is needed for a project's success is a certain amount of patience. As a result, foreign capital investment in Uzbekistan last year reached the $1 billion mark, many companies began moving their regional offices from Alma-Ata to Tashkent, and the price of apartments in the Uzbek capital tripled in the same period. Apparently the investment boom has now received a powerful new impetus.

It seems, however, that worst fears have been realized, that the United States is no longer interested in human rights in Uzbekistan. President Clinton ignored the appeals of human rights organizations and Uzbek dissidents who considered the meeting with Karimov premature and called for a higher price for it than the freeing of a few political prisoners (moreover, the number was cynically overstated several-fold) and by the same token, in the opinion of Human Rights Watch/Helsinki, expressing the "highest diplomatic approval" of the regime. What is more, despite White House press secretary Michael McCurry's assurances beforehand, there was no confirmation from the American side that the ill-starred topic was touched at all. No representative of official Washington publicly reminded the President of Uzbekistan of his earlier promise to permit activity by one of the opposition organizations, to allow an independent press, and so on. On this occasion Islam Karimov limited himself to just authorizing the return of political emigres to their homeland.

So it appears that a unique chance (considering Uzbekistan's need for economic aid and "protection against potential Russian imperialism") to achieve at least a slight liberalization of the regime was lost, and President Karimov was able to impose his terms on the world's leading power. In justification of their actions American officials point out that Uzbekistan has achieved successes in the areas of reforming legislation and the legal system and it has permitted international and local human rights organizations to operate in the country. They modestly say nothing about the fact that neither the "most democratic constitution in the world" nor an abundance of political parties and organizations in Uzbekistan by itself means anything. Look at how the public Committee for the Defense of Personal Rights, which was formed just before the visit and whose first action was to declare its unconditional support of the president's policy, was registered immediately whereas the Human Rights Society of Uzbekistan, which oper-

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ates vigorously in conditions of repression and has won international recognition, has been attempting to register for several years without success. Audrey Glover, U.S. representative for the development of democratic institutions at the Organization for Security and Cooperation in Europe even called recent absurdities such as these "internal affairs of Uzbekistan."

However, after arriving back in Tashkent President Karimov announced that he had changed his views and was ready to allow the activity of a "constructive opposition" and an independent press. It remains to hope that this time this declaration is not simply rhetoric.

Uzbekistan: Petroleum Refinery Built With Foreign Aid

964F2807A Tashkent NARODNOYE SLOVO in Russian 22 Jun 96 p 1

[Unattributed article: "Toward Fuel Independence":]

[FBIS Translated Text] The oil refinery in Karaulbazar is being built at an accelerated pace. On 20 June I. Dzhurabekov, first deputy prime minister of the republic, R. Yunusov, deputy prime minister, and M. Rakhmonov, head of Bukhara Oblast, visited this important national construction site. They inspected the structures that have been put into operation and during conversation with construction workers praised their labor.

On the same day there was an expanded session of the republic headquarters for construction of the refinery. At it the work done at the site in the last 5 months was thoroughly analyzed, the conscientious labor of the workers and employees and their effective use of machinery was noted, and the activities of the French Technep Company and the Turkish companies working there was approved. At the same time there was strong criticism of subdivisions belonging to the Uzbek organizations Uzneftgazkurilish, Uzsanoatkhuzhalikkurilish, Uzsuvkurilish, Uzagrokurilish, Navoy Construction Administration, Uzzhamoakhuzhalikkurilish, and Uzmontazhmakhsuskurilish, which have not been able to perform their assignments. Specific recommendations were made to eliminate the shortcomings, further step up work on construction of the refinery, and make full use of internal capacities.

Uzbekistan: More Appeals To Save Aral Sea

964F2807B Tashkent NARODDNOYE SLOVO in Russian 21 Jun 96 p 2

[Article by R. Farkhadi, under the rubric "Timely Subject": "The Aral Will Live, but...This Will Require Prompt Implementation of a Scientifically Sound Program To Restore the Ecosystem of the Dropping Sea and Its Surrounding Area"]

[FBIS Translated Text] As we have already reported, an expanded session of the Presidium of the Academy of Sciences of the Republic of Uzbekistan was devoted to the problem of the Aral Sea.

Opening the session, Academician T. Dzhurayev, president of the Uzbek Academy of Sciences, stressed that the Aral crisis is causing alarm in the entire world community today.

Regular meetings are held of the Central Asian heads of state and major scientists and public figures of East and West. One of the most prestigious was the international Conference on Questions of Stable Development of the Region, held last autumn in Nukus under the U.N. aegis, where the well-known Nukus Declaration was adopted and sealed with the signatures of the leaders of the Aral basin countries. It contains specific proposals to change the ecological situation and achieve stable development of the region. The fate of the Aral Sea has become a common concern of our peoples, who have lived in the expanses of Central Asia for centuries. Figuratively speaking our sky, our sun, and our souls are reflected in the Aral Sea. And the greatest misfortune is that this mirror may be broken (the danger of such a result is not diminishing—the water level continues to drop and may reach the critical mark in the near future). Scientists are proposing a whole list of projects to fill the sea, but most of them (including transferring water from the Caspian, the Indus, or Siberian rivers, and drilling thousands of wells) are far from real economic capabilities.

There is only one way to save the sea—by prudent, reasonable use of the waters of the Amu Darya and Syr Darya rivers. A sober look at the ecological situation that is developing, restoration of the ecosystem and biological diversity of the river deltas and a small part of the sea in stages, a purposeful fight against desertification using proven plans of scientists, preparation of a program in which all the academy institutes of our republic can put in their solemn words, cooperation on the international level, and state support for the most promising projects.

One of these projects was discussed in the report by Academician B. Tashmukhamedov and the co-reports of the directors of a number of academy institutes.

The continuing reduction in the sea's water surface and decrease in its biological activity aroused well-founded concern among specialists.

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Despite the existence of a number of programs to improve the ecological state of the Aral region, including ones carried out with international resources, they all solve particular—although important—problems but do not plan the salvation of the sea itself directly. For the purpose of preserving rare and disappearing biological species of the Aral ecosystem scientists proposed a project to freshen the deep western part of the sea, which is smaller in area but not in volume, by transferring the flow of the Amu Darya to it. According to interstate agreements, the Aral Sea has become an independent consumer of river water. It has been shown that with minimal water management structurez this water is adequate to begin gradual separation of the western part of the sea by leading river water into it and causing the salt to flow to the eastern part of the basin of these connected bodies.

In this case there arises a unique situation similar to that which is occurring on Lake Balkhash, with a freshwater area in the west and salt water in the east.

A few months ago our newspaper published an article about the Western Sea project on which Academician B. Tashmukhamedov has been working for several years with a group of young scientists: ecologists, hydrologists, geologists, soil scientists, zoologists, and other specialists.

The debate which developed on the report showed that the scientists' studies deserve careful attention and support and that ultimately the program for ecological restoration of the Aral Sea may be one of the important steps in changing the situation in the region for the better.

Naturally, there were many questions for the speaker. And perhaps the main one was: if the scientific wisdom of the project is confirmed, how much will it cost to carry it out? The answer was short and categorical: this is one of the economical projects that does not demand fantastic expenditures. It is possible to find the funds to revive part of the sea if we consider that the project will be able to find support on the state and interstate levels (we should note that international organizations, which are potential donors to the project, are already showing an interest in it).

In their talks prominent academician-scientists of the republic such as I. Iskanderov, S. Mirzayev, A. Rafikov, D. Azimov, I. Turapov, and other respected specialists in various scientific fields touched on the unquestioned pluses of this project, its comprehensive character, and its focus on the problem of the sea itself. The following aspects caused concern: what are the remote consequences of the project; is it possible to fill even a part of the sea with water (after all, there are dry years when 3-4 cubic kilometers reach the Aral Sea instead of the potential 10-12; this is minimal, and sea level drops); will fish be usable if they breed in the drainage waters which this transfer promises for the river deltas; what is the role of forest plantations on the dry areas that are formed?

Further studies can give the answers to these and other questions. And it is right that in the key stage of deciding the fate of the scientific project the leadership of the Academy of Sciences has brought it to the attention of specialists and a broad circle of the public.

Academician Ch. Abdirov, chairman of the Committee for Protection of Nature and Preservation of the Environment of the Mazhlis of the Republic of Uzbekistan, summarized the discussion in a distinctive manner: the ecological crisis demands thoughtful and vigorous actions. People need clean water (with the help of international organizations the state is now carrying out a priority program to supply good-quality water to the population), but we cannot forget the fact that the venerable Aral Sea itself is crying for help.

Uzbekistan has ratified world conventions on the fight against desertification and restoration of natural biodiversity. This project, and actually the entire program to restore the hydrologic regime and the original ecosystem of part of the Aral Sea, and expeditions by academy institutes and interested specialized organizations, on this level are essential and need comprehensive support. It would be entirely sound to include this project among the tasks being performed by the Interstate Council of the Aral Sea.

The Presidium of the Academy of Sciences of the Republic of Uzbekistan adopted an appropriate decree on this issue. It envisions development of a scientific program for bioecological restoration of the western part of the Aral Sea. It notes, among other things, that before an overall decision on the fate of the Aral Sea in the future, it is already possible today in the deepest western part to restore the original ecosystem, and this means its unique representatives of ichthyofauna and the nesting places of rare and disappearing birds. At the same time the numbers and catch of valuable fishes—the Aral barbel, sturgeon, and possibly even the Aral salmon—can be restored on the basis of modern, efficient fishing.

Representatives of the State Committee on Nature, the Uzbek Hydrometeorology Service, the ministries of Higher Education, Water Management, and Health, and other Uzbek ministries and departments with an interest in solving the problems of the Aral Sea took part in the work of the session of the Presidium of the Academy of Sciences of the Republic of Uzbekistan.

Restoration of the sea should be a constituent part of work already underway to water the Amu Darya and Syr Darya deltas and steadily improve the socioeconomic conditions of the entire Aral region.

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